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Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

1 January-31 December 2008

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Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Letter of transmittal

I have the honour to submit to the General Assembly the report on the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for 2008. The report is submitted in compliance with paragraph 21 of Assembly resolution 302 (IV) and paragraph 8 of resolution 1315 (XIII).

As in previous years, the report describes UNRWA's operational context, summarizing critical influences on its operations. The report outlines the legal matters that have engaged the attention of UNRWA, progress in organizational development reforms, the Agency's financial condition and the performance of its programmes.

UNRWA's Advisory Commission, which comprises representatives of 23 member States and three observer delegations, endorsed a draft of the report during its June 2009 session. The views of the Commission are contained in the attached letter addressed to me by its Chairman. I express my appreciation for the Commission's active engagement and for its ever constructive advice. I have also maintained the practice of sharing the annual report in draft form with representatives of the Government of Israel. As a result of these consultations, the report reflects the varied perspectives of the principal UNRWA stakeholders.

I take this opportunity to update the General Assembly on two matters that the report notes were unfolding at the end of 2008.

On 27 December 2008, an Israeli military offensive commenced in Gaza. By the time Israel declared a unilateral ceasefire on 18 January 2009, an estimated 1,380 Palestinians had been killed, including at least 431 children. Thirteen Israelis (3 civilians and 10 soldiers) were killed in combat or as a result of rocket and mortar fire. It was a war which will be embedded in Palestinian memory for the anguish it brought to men, women and children who have neither sympathy nor affiliation with any militant group. Hospitals and schools, civilian residences, factories, cemeteries and places of worship, humanitarian personnel and UNRWA's own compound came under direct, sometimes repeated, attack, as both sides showed little regard for the laws of war or for the sanctity of civilian life. The conflict will also be remembered for the sterling emergency response of UNRWA staff, who worked alongside colleagues from the Red Cross and Red Crescent Societies, providing humanitarian relief with courage and heroic commitment to duty.

The blockade of Gaza, in place since June 2007, survived the conflict. Gaza's crossings remain closed to a free flow of commercial, humanitarian and construction supplies, rendering impossible the reconstruction and recovery effort. In the interests of Palestinians and of regional and international security, it is imperative that these artificial conditions of isolation and imposed poverty be reversed. An

open-access regime and greater freedoms for Palestinians are essential for creating an atmosphere in which the forces of compromise, moderation and tolerance are encouraged and strengthened.

UNRWA's financial situation, precarious in 2008 and in previous years, remains a matter of grave concern in 2009. Funding shortfalls are particularly crippling to UNRWA's General Fund, which is the fuel that makes possible the consistent provision of essential public services by which UNRWA has become the bedrock of assistance and protection to Palestine refugees. Ensuring that the General Fund is fully funded is therefore essential to UNRWA's capacity to fulfil all aspects of its mission, including the ability to respond to humanitarian emergencies. In June 2009, we informed the Advisory Commission of an anticipated General Fund deficit of $107 million for 2009, of which $39 million is needed to maintain services at existing levels to the end of 2009. We advised the Commission that UNRWA had no working capital to fall back on, having depleted it after years of funding shortfalls. UNRWA is being prevented from providing services of the quality refugees need and deserve, at a time when the need for those services could not be greater. We trust that donors will note the situation of extreme concern and respond with greater generosity.

2009 marks UNRWA's sixtieth anniversary. We are commemorating this milestone with activities around the globe, including a ministerial-level event at the United Nations in New York to be held in September 2009. The anniversary provides an opportunity to reflect not only on the Agency's contribution to the human development of Palestine refugees and the communities in which they live, but also on its role in propagating the values of the United Nations: neutrality, impartiality, respect for diversity, the peaceful resolution of disputes and the promotion of human rights and dignity for all, without distinction. It is also an occasion for the United Nations and its Member States to rededicate themselves to supporting UNRWA, while affirming their commitment to accelerate the search for a just and lasting solution to the plight of Palestinians and Palestine refugees.

(*Signed*) Karen **Koning AbuZayd**
Commissioner-General

Letter dated 10 June 2009 from the Chairman of the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the Commissioner-General of the Agency

At its regular session held in Amman on 9 and 10 June 2009, the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) considered your draft annual report on the activities and operations of UNRWA, covering the period from 1 January 2008 to 31 December 2008, to be submitted to the General Assembly at its sixty-fourth session.

The Commission commends UNRWA for its efforts to continue delivering its programmes and services to all Palestine refugees in its fields of operation and the vital role of UNRWA in contributing to regional stability until a just solution is reached, in accordance with relevant United Nations resolutions (General Assembly resolutions 194 (III) and 302 (IV)).

The Commission is gravely concerned about the loss of life in 2008 and the hardships endured by the majority of the Palestinian refugees in the West Bank and Gaza. The restrictions on access to Gaza, along with periods of violence, have profoundly deepened the economic and social crisis and have led to even greater demand for UNRWA's services. The Commission urges that access be permitted for all goods necessary for the Agency to carry out its humanitarian and human development activities, including currency and construction materials.

The Commission is deeply concerned that the separation barrier, closures, curfews and other restrictions on movement imposed in the West Bank and Gaza Strip by the Israeli authorities have led to further hardship for the affected population. These restrictions are hindering economic development, specifically access to sources of employment and work and to essential goods and services, as well as the ability of UNRWA to carry out its mandated tasks. The Commission once again reiterates the urgent need to remove restrictions regarding the movement of UNRWA staff and goods in accordance with the November 2005 Agreement on Movement and Access concluded between the Government of Israel and the Palestinian Authority and the 1967 Comay-Michelmore agreement between UNRWA and the Government of Israel.

The Commission remains deeply concerned about obstructions to the Agency's services and damages to its premises. The Commission calls upon the General Assembly to examine the direct taxation levied and additional restrictions imposed by Israel on Agency containers passing through Gaza crossings and to consider, in its resolution on UNRWA's operations, calling for reimbursement of these charges by the Israeli authorities as appropriate.

The Commission calls on all parties for full respect for international law, including international humanitarian law, and urges UNRWA to continue to report on the impact of violations of international humanitarian law on its operations in the occupied Palestinian territory.

The Commission remains concerned about the lack of Agency access to, and information on, its staff held by both the Israeli and Palestinian authorities.

The Commission restates its view that the enduring hardships of Palestine refugees underscore the critical role of UNRWA. It notes with concern that, in 2008, UNRWA faced difficulties in reaching a funding level sufficient to maintain adequate service delivery. While greatly appreciating the long-term support by major donors for UNRWA operations, the Commission urges the international donor community as a whole to mobilize the resources needed, particularly within the Agency's General Fund, to secure proper service delivery. At the same time, the Commission recognizes the efforts being made to broaden the donor base and encourages UNRWA to intensify those efforts.

The Commission calls for full support for the rebuilding of Nahr El-Bared camp and relief assistance to those displaced following its destruction in 2007. The Commission urges its members and others to support UNRWA's appeal for the reconstruction of the camp and the support of neighbouring communities.

UNRWA's emergency appeal for $262 million in 2008 for the occupied Palestinian territory was its largest to date. The Commission notes with concern that UNRWA received $176 million, representing less than needed. The Commission calls on donors to redouble their efforts to support UNRWA's emergency operations in the West Bank and Gaza.

The Commission emphasizes its ongoing support for continuous reform of UNRWA with the aim of improving its effectiveness in delivering services to refugees. The Commission notes that the organizational development plan budget is currently funding 14 international posts. Long-term sustainability of UNRWA's reforms is dependent on absorbing these positions into the United Nations regular budget. The Commission states its continued support for the development of the medium-term strategy for the period 2010-2015 and the establishment of a clearer link between the strategy and the three corresponding biennial budgets.

The Commission commends the dedication, commitment and constant engagement of UNRWA staff members. The Commission encourages the further deepening of its relationship with UNRWA and looks forward to being kept fully abreast of the funding and operational challenges the Agency faces.

The Commission highly commends the support by host countries of UNRWA's work and activities.

The Commission takes this opportunity to recognize the profound personal commitment of the Commissioner-General of UNRWA to the Palestine refugees and thanks her sincerely for her many years of service and leadership.

(*Signed*) Tor **Wennesland**
Chair of the Advisory Commission

Chapter I

Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established pursuant to General Assembly resolution 302 (IV) of 8 December 1949. The Agency became operational on 1 May 1950, responding to the needs of about 750,000 Palestine refugees. It is now one of the largest United Nations programmes, with a population of 4.67 million Palestine refugees under its mandate and almost 30,000 staff.

2. The mission of UNRWA is to contribute to the human development of Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic until a durable and just solution is found to the refugee issue. The Agency fulfils this purpose by providing a variety of essential services. They include basic (and in Lebanon secondary) education, comprehensive primary health care, emergency relief, social interventions, microfinance, housing and infrastructural support. Among United Nations agencies, it is unique in delivering services directly to refugees.

3. The Agency's vision is for every Palestine refugee to enjoy the best possible standards of human development, including attaining his or her full potential individually and as a family and community member; being an active and productive participant in socio-economic and cultural life; and feeling assured that his or her rights are being defended, protected and preserved.

4. UNRWA is a global advocate for the protection and care of Palestine refugees. In humanitarian crisis and armed conflict, the Agency's emergency interventions, and its presence, serve as tangible symbols of the international community's concern and ultimately contribute to a stable environment.

Chapter II
Contextual overview

A. Political, economic and security developments

5. In 2008, the occupied Palestinian territory continued to experience the most dramatic developments in the Agency's area of operations. In the Gaza Strip, the year began and ended with major conflicts. The blockade imposed by Israel in June 2007 after the Hamas takeover and the dissolution of the Palestinian National Unity Government by President Mahmoud Abbas seriously affected all aspects of Palestinian life, even though it allowed for the exceptional importation of some essential humanitarian supplies, urgent medical evacuations and passage for a small number of Palestinians with special coordination. Unemployment continued to rise and more private enterprises closed, depleting further the capacity of Palestinian society to support itself.[1]

6. In November 2008, just 579 truckloads of goods were imported into the Gaza Strip, representing 4 per cent of the December 2005 level (one month before the Palestinian Parliamentary elections won by Hamas).[2] Shortages of cooking gas led to the implementation of a ration system, long queues at distribution points and half of the Gaza Strip's bakeries closing. The cost of food increased by 28 per cent from June 2007 to June 2008. Systems for water distribution, solid waste and sewage treatment were severely stressed, owing both to a lack of fuel and spare parts and the inability of customers to pay. The daily pumping of an estimated 40 million litres of untreated sewage into the sea and the daily accumulation of several hundred tons of solid waste on the streets represented a serious public health risk. Health services were severely affected by the inability of hospitals to repair and maintain life-saving hospital equipment or import medicines for cancer and other conditions. Access to health care outside of the Gaza Strip became increasingly difficult. Among the goods denied entry into the Gaza Strip were supplies and materials for classroom use — pencils, stationery and paper and ink to produce textbooks. Lack of fuel led to, among other things, the suspension of classes at the Gaza Strip's four universities, the halting of refuse collection, and the suspension of some food distributions. At year's end, it was estimated that goods brought through tunnels under the border with Egypt accounted for 90 per cent of all market activity. The border wall with Egypt was breached on 23 January and sealed in early February, allowing hundreds of thousands to enter Egypt and return.

7. An Israeli military operation initiated in December 2007 continued into 2008, as did the firing of rockets from the Gaza Strip. An Israeli operation from 27 February to 4 March 2008 marked a peak in the conflict. On 19 June 2008, Israel and Hamas agreed to a six-month "ceasefire" which ended in early November. Over 3,100 rockets and mortars fired from the Gaza Strip struck southern Israel in 2008, of which over 2,280 were fired from January to June, some 26 from July to October

[1] During the first half of 2008, 42 per cent of the labour force in Gaza was out of work. The Palestinian Federation of Industries estimated that 98 per cent of Gaza's industrial operations were idle.

[2] Office for the Coordination of Humanitarian Affairs, Gaza crossings online database and *The Humanitarian Monitor*, No. 31 (November 2008). Between 1 and 26 December 2008, i.e. prior to the military offensive that commenced on 27 December, 716 truckloads were allowed entry (*The Humanitarian Monitor*, No. 32, December 2008).

and 795 from November to December.[3] On 27 December, Israel commenced a major offensive on the Gaza Strip.

8. From the beginning of the reporting period until 26 December, 402 Palestinians, including 57 children, in the Gaza Strip were killed in the course of military operations by Israel. During the same period, 6 Israeli civilians and 8 soldiers were killed and 51 civilians and 58 soldiers were injured by rocket and mortar fire from the Gaza Strip. In the first five days of the offensive that commenced on 27 December, Israeli aircraft bombed over 300 targets. By 31 December, approximately 350 Gazans, including at least 38 children, had been killed. In the same period, 4 Israelis were killed and about 20 Israelis were injured by Palestinian rocketfire towards Israel.

9. In July and August, a series of car bombs and an outbreak of interfactional fighting in the Gaza Strip left 13 Palestinians dead, including 2 children and 130 injured. This dealt a blow to reconciliation efforts between Hamas and Fatah.

10. In the West Bank, the regime of closures, house demolitions, settlement expansion, curfews and seizure operations continued alongside the extension of the West Bank Barrier. As in the previous year, the Palestinian population experienced deteriorating living conditions and the denial of basic human rights. At year's end, the United Nations Office for the Coordination of Humanitarian Affairs reported that 620 closure obstacles remained throughout the West Bank, while Israeli settlements, outposts and the West Bank Barrier continued to expand. In total, 40 per cent of West Bank land is effectively off-limits for Palestinians. The regime of movement restrictions seriously affected the West Bank economy, creating hardship and limiting access to education, health and other services. In the first half of 2008, 24.45 per cent of the West Bank labour force was out of work. Attempts to build the capacity of Palestinian Authority security forces in the Northern West Bank were at least partly successful where coupled with a loosening of access restrictions.

11. 2008 saw an increase in the number of reported attacks on Palestinian civilians by Israeli settlers in the West Bank. According to the Office for the Coordination of Humanitarian Affairs, there were 290 settler-related incidents of violence in the first 10 months of 2008. Meanwhile, in February, one Israeli civilian was killed in Dimona by a Palestinian suicide bomber. Later in the year, in two separate incidents, Palestinian bulldozer drivers in Jerusalem deliberately drove into buses and other vehicles killing three civilians. In March, eight rabbinical seminarians were killed in an attack on a yeshiva in Kiryat Moshe by a Palestinian resident of East Jerusalem.

12. In Lebanon, the first four months of the year saw a deterioration in the political and security situation with uncertainties centring on the election of a new president. Tensions came to a head in May when supporters of the Future Movement and Hizbullah clashed in various areas of the country, leaving 80 people dead in six days. An agreement reached in Doha between the Lebanese factions on 21 May led to the election of a new president and the participation of Hizbullah in the cabinet of Prime Minister Fouad Siniora. The security situation remained tense, particularly in the north, with sporadic heavy fighting taking place between various protagonists in the period June-August. Meanwhile, tensions between Palestinian factions began to

[3] See Israeli Ministry of Foreign Affairs website.

mount in the latter half of the year, leading to an unstable situation in Ein el-Hilweh refugee camp in particular.

13. In the Syrian Arab Republic and Jordan, UNRWA and the refugees were fortunate to enjoy a secure and stable environment. The continued presence of Iraqi refugees in both countries, however, contributed to inflation and strained services provided by the Government and by UNRWA.

14. The global financial crisis that was unfolding in the reporting period has affected all five areas of operations. Reduction of some Government subsidies and significant increases in the cost of living caused concern among refugees and citizens alike. Host authorities were forced to increase public service salaries. This had a direct impact on UNRWA, given that the salaries of its workforce are determined by reference to public service salaries.

B. Operational developments

15. Across its five fields, UNRWA operations are grounded in servicing refugee needs in the areas of education, health, relief, social services, infrastructure and camp improvement, and microfinance. The reporting period was marked by efforts to improve the quality of these services through enhanced programme management and streamlined support services under the organizational development process. In addition to these services, UNRWA also responds to emergencies wherever they occur in its areas of operation. As has been the case since the beginning of the intifada in September 2000, emergency situations in the Gaza Strip and the West Bank posed the greatest operational challenge to the Agency's work, compelling UNWRA to supplement its core programmes with emergency food support, cash assistance, shelter rehabilitation and job creation opportunities for affected refugees. UNRWA launched an emergency appeal for $238 million. Owing to rapid rises in food and fuel costs in the first half of 2008, the appeal budget was revised upwards to $262 million. By the end of the reporting period, $176 million had been pledged by donors.

16. UNRWA provided emergency food assistance to 190,000 refugee families in the occupied Palestinian territory. A feeding programme for all 200,000 pupils in the Agency's schools in the Gaza Strip was introduced, around $12 million was disbursed as cash grants to 30,000 poor refugee families and $6 million in the Gaza Strip to cover back-to-school costs. In addition, UNRWA created 3 million job days for 56,000 refugees.

17. A lack of currency notes, owing to the blockade of the Gaza Strip, forced UNRWA to suspend, effective 19 November 2008, social welfare payments to 19,000 destitute refugee families in the Gaza Strip. By December, UNRWA warehouses were almost empty, with the Agency unable to consolidate strategic reserves, despite the "ceasefire". The Agency was forced to delay emergency food aid to 135,000 families towards the end of the year.

18. During the Israeli offensive that began on 27 December, UNRWA provided temporary shelter to over 50,000 Palestinians who sought refuge in 50 Agency installations. Critical operations, including food distributions, continued where possible.

19. In the West Bank, UNRWA faced increasing difficulties in accessing refugee communities to meet their humanitarian needs. A total of 918 access incidents were reported in 2008, compared with 231 in 2007.

20. Despite the tense political and fragile security situation prevailing in Lebanon, UNRWA was able to deliver its operations with little interruption. In May, the Lebanese Council of Ministers decided to expropriate the land where Nahr el-Bared camp was situated. In June, UNRWA and the Government of Lebanon jointly appealed for $445 million for the reconstruction of the camp. Only $42 million had been pledged by the end of 2008. The removal of rubble began in October. UNRWA continued to provide displaced refugees from Nahr el-Bared with temporary shelters, prefabricated schools and health centres as well as rental subsidies and food aid.

21. The Lebanese Government took steps in collaboration with UNRWA, the Palestine Liberation Organization and human rights non-governmental organizations to legalize the estimated 3,000 to 5,000 so-called non-ID Palestinians in Lebanon who were previously without recognized residency status or documentation.

22. In both Jordan and the Syrian Arab Republic, Palestine refugees continued to benefit from the stable political and security environment described earlier and from the Governments' excellent cooperation with UNRWA.

23. The security of UNRWA staff remained a serious concern. In the Gaza Strip, on 27 February, the six-month-old grandson of a school attendant residing at an UNRWA installation was killed by an Israeli military strike affecting the installation. On 1 March, an UNRWA staff member was injured at Rafah warehouse during an Israeli military strike. On 29 December, during the Israeli offensive on Gaza that began on 27 December, an UNRWA school guard died as a result of injuries suffered while on duty during a military strike affecting the school. In Lebanon, on 20 August, a staff member was injured by unexploded ordnance while working at Nahr el-Bared.

24. UNRWA is indebted to its staff and acknowledges their dedication and loyalty. Those working in the occupied Palestinian territory and Lebanon are particularly commended. It notes with regret that the local employees of UNRWA are the only United Nations staff members in the area who do not receive hazard pay.

C. Organizational developments

25. In August 2006, UNRWA embarked upon an ambitious management reform initiative spanning the period 2007-2009. The organizational development plan was published under the title "Serving Palestine refugees more effectively: strengthening the management capacity of UNRWA". The plan was based on four levers of change: programme management; human resources management; organizational processes and systems; and leadership and management.

26. In 2008, UNRWA made significant progress towards achieving best practice standards in programme cycle management. The basis for a medium-term strategy for the period 2010-2015 was developed. Key staff in the fields and programmes were trained in needs assessment and planning. A needs assessment was undertaken in all fields and results-based planning commenced for the biennium 2010-2011. The Agency's performance indicator framework was reviewed and revised

accordingly.[4] In conjunction with these strategic and planning efforts, the Agency took important first steps towards adoption of best practice results-based budgeting.

27. In human resources management, a framework and set of principles for a new system of performance management, post classification and compensation was developed for adoption later in the implementation of organizational development.

28. Also as part of the organizational development process, UNRWA implemented changes in the way that recruitment, procurement and asset management decisions are made. The changes are in line with a commitment to decentralized decision-making, strengthened accountability and improved monitoring, reporting and oversight.

29. UNRWA continued to implement reforms of its internal oversight mechanisms to respond to an external quality assessment review conducted in late 2007.

30. UNRWA embarked upon an effort to purchase and implement an enterprise resource planning system. A gap analysis conducted by external consultants revealed that the implementation of such a system is necessary.

31. An action plan was developed for mainstreaming security at all levels of UNRWA. This is a step towards the adoption of an UNRWA security policy.

32. In addition to assessments conducted by UNRWA under the organizational development plan, the Government Accountability Office of the United States of America began a review of UNRWA's management control systems, to ensure that financial contributions from the United States were being used appropriately.

D. Legal matters

Agency staff

33. Israeli authorities, citing security concerns, continued to restrict the freedom of movement of UNRWA personnel in the occupied Palestinian territory. The restrictions included closures of the West Bank and Gaza Strip; prohibiting local staff in United Nations vehicles from using the Erez crossing between Israel and the Gaza Strip or the Allenby Bridge, or from travelling in Israel and the part of the occupied Palestinian territory annexed by Israel; and the imposition of cumbersome procedures for obtaining permits for local staff to enter Israel and East Jerusalem. On many occasions, permits were not granted even though the procedures were followed.

34. When permits were granted to local staff, they were required to cross the Erez crossing on foot. Only international personnel holding a United Nations laissez-passer or a yellow card issued by the Israeli Ministry of Foreign Affairs were exempted from crossing by foot. Erez crossing procedures were often time-consuming, with average waiting times of 50 minutes on the Gaza Strip side of the crossing, endangering staff members' safety. Local staff were often barred from

[4] In this regard, the Agency recognizes that it must develop more strategic- and outcome-oriented indicators, in the absence of which, the Agency has often measured and reported on activity- and input-based performance measures. The capacity to monitor and report against the new indicator framework will be developed in the course of 2009. The new indicator framework will be reflected in subsequent annual reports.

using the crossing altogether. On many occasions at checkpoints entering East Jerusalem, and on several occasions at the Erez crossing, the Israeli authorities refused to permit UNRWA staff members in United Nations vehicles to cross without a vehicle search that would violate the immunity of the United Nations.

35. The above-mentioned restrictions are inconsistent with the Charter of the United Nations, the 1946 Convention on the Privileges and Immunities of the United Nations (the 1946 Convention) and the 1967 Comay-Michelmore Agreement, by which the Government of Israel is obligated to "facilitate the task of UNRWA to the best of its ability, subject only to regulations or arrangements which may be necessitated by considerations of military security".

36. In the Agency's view, most measures did not relate to military security, but were matters of police or administrative convenience. The Israeli authorities, however, maintained that the restrictions were necessary to protect Israel against terrorist threats.

37. In the West Bank, coordination with the Israeli military liaison officers was intensified. However, staff movement became more restricted and unpredictable at several Israeli checkpoints, notably those controlling access to East Jerusalem. Movement restrictions imposed by the Israeli authorities on the West Bank have resulted in the loss of 2,199 staff days during the reporting period, representing a loss of approximately $86,000. It remained difficult to deliver Agency services in the area between the West Bank Barrier and the 1949 armistice line, in particular in the Barta'a area. In the Gaza Strip, the movement of staff was affected by Israeli military incursions and the general security situation.

38. Local staff required permits from the Israeli authorities to cross Erez. As 22 per cent (114 of 515) of the Agency's permit applications were rejected, some local staff were unable to leave the Gaza Strip for official business. In November, one international staff member entering Israel with a valid service visa to take up a post in the Gaza Strip was detained by the Israeli authorities at Ben Gurion airport for over 48 hours, questioned and denied entry into Israel. The Agency protested the denial of entry as contrary to the 1946 Convention. At the end of the reporting period, the matter remained unresolved.

39. The Rafah crossing between Egypt and Gaza was open for a total of 92 days. Exceptionally, and with prior coordination with the Egyptian authorities, 13 UNRWA staff were allowed to cross on duty travel to other areas of operation. Three of these staff waited 16 days before being allowed re-entry into Gaza.

40. During the reporting period, no significant movement restrictions were imposed on UNRWA staff by the Governments of Jordan and the Syrian Arab Republic or by the Palestinian Authority.

41. In northern Lebanon, citing security concerns, the Lebanese authorities occasionally demanded to conduct searches of UNRWA vehicles at the entrance to Nahr el-Bared camp. The Agency protested those incidents on the basis that such searches would violate the immunity of the United Nations. The issue was resolved at a meeting on 10 October, following which no further requests have been made to search Agency vehicles entering the camp.

42. At the end of 2008, 20 staff members were in detention, 11 of whom were held by the Israeli authorities, 6 by the Palestinian authorities, 2 by the authorities of the

Syrian Arab Republic and 1 by the authorities of Jordan. The Jordanian authorities granted the Agency access to its detained staff member. Despite repeated requests made by the Agency in accordance with General Assembly resolution 36/232, the Israeli authorities did not provide the Agency access to its detained staff or provide any information concerning them. At the end of the reporting period, despite requests, the Palestinian authorities had not provided the Agency access to its detained staff.

Agency services and premises

43. The normal route for the Agency's humanitarian shipments into the Gaza Strip is through the Karni crossing, except for construction materials, which enter through the Sofa crossing. The Israeli authorities continued to impose transit charges on shipments entering the Gaza Strip, forcing UNRWA to pay $122,640 in 2008. In the Agency's view, the charge is a direct tax, from which it ought to be exempt under the 1946 Convention. Citing security incidents and alerts, throughout 2008 the Israeli authorities closed the Karni crossing for all containers, and all UNRWA container shipments were required to enter through secondary crossings at Sofa or Kerem Shalom. As neither of those crossings was capable of receiving containers, all container shipments had to be palletized at port prior to transport to the Gaza Strip. Furthermore, the Sofa crossing was closed to imports for 137 out of 299 scheduled operating days (46 per cent) and the Kerem Shalom crossing was closed for imports for 191 out of 366 scheduled operating days (52 per cent). The closures of the Karni crossing and the requirement to palletize all container shipments contributed to excess operating charges for storage, demurrage, transportation and palletization of some $2.17 million, including approximately $0.66 million for palletization costs.

44. The importation into the Gaza Strip of construction materials was almost entirely prohibited. Although the Israeli authorities permitted some materials to enable the Agency to construct temporary facilities for its Summer Games, as a consequence of the prohibition UNRWA projects worth $76 million were still pending at the end of the reporting period. The Israeli authorities, citing security concerns, also refused to permit entry to the Gaza Strip of electronic white-boards and bulletproof glass for UNRWA offices. From 13 November 2008, the Israeli authorities, also citing security concerns, refused to allow the Agency's diplomatic bags to cross Erez without an X-ray search. The United Nations protested the refusal as contrary to the 1946 Convention.

45. In Lebanon, the entry of construction materials to the camps in the south was subject to approval from the Lebanese army. All approvals were issued within 24 hours and accordingly this procedure did not cause major delays during 2008.

46. The Operations Support Officer programme continued in both the West Bank and the Gaza Strip. The programme played an invaluable role in assisting in upholding United Nations neutrality; in facilitating access of UNRWA staff members, vehicles and goods through checkpoints and to areas affected by Israeli military operations; in supporting the Agency's programmes and initiatives; in monitoring the humanitarian crisis among the Palestinian population; in the inspection of UNRWA installations; and in providing a measure of protection to refugees, including the displaced. In Gaza, the programme assisted in the Agency's emergency humanitarian response during and after armed conflict.

47. The 1946 Convention provides that "the premises of the United Nations shall be inviolable". Contrary to that legal obligation, the Israeli military forcibly entered UNRWA premises in the West Bank on seven occasions. In the Gaza Strip, UNRWA premises were damaged during Israeli military strikes or shelling on 31 occasions, 28 of which were during the last five days of 2008.

48. In the West Bank, Palestinian Authority security forces entered UNRWA premises on two occasions. Separately, an armed Palestinian fired a weapon inside an UNRWA installation and a student's father entered an UNRWA school and assaulted a teacher. In the Gaza Strip, Palestinian security personnel entered UNRWA installations on three occasions and armed Palestinian militants forcibly entered UNRWA installations twice. An armed Palestinian threw a grenade at an UNRWA guard's hut at a rehousing project and an UNRWA school was damaged by bullets from the direction of militant training grounds.

49. In November, a kindergarten in an UNWRA facility in the Syrian Arab Republic was closed for three days. It was reopened after the Government authorities explained that it had been closed in error. There were no incursions into UNRWA premises in Jordan or Lebanon.

Other matters

50. During 2008, UNRWA was reimbursed by the Palestinian Authority the sum of $1,076,049 for value-added tax. At 31 December 2008, the total amount of value-added tax still due to the Agency from the Palestinian Authority was approximately $26.3 million. The Palestinian Authority has continued to acknowledge its obligation to reimburse value-added tax to the Agency.

51. During the reporting period, the Agency was required, as in the past, to pay port fees and other charges to the Syrian authorities, contrary to the 1948 Agreement between the United Nations and the Government of the Syrian Arab Republic. In 2008, fees and charges totalling $17,328 were paid. While the Ministry of Foreign Affairs has indicated that it would consider the matter, it remained unresolved at the end of the reporting period.

Legal status of Palestine refugees in the Agency's area of operations

52. The movement of Palestinians, including Palestine refugees, within and to and from the occupied Palestinian territory was tightly controlled and subject to a complex Israeli permit regime, notwithstanding the applicability of various agreements, including the Agreement on Movement and Access of 15 November 2005. Palestine refugees may obtain identification documents, but the Israeli authorities administer the population registry and control the issuance of identity documents for the West Bank, Jerusalem and the Gaza Strip. Palestine refugees have full access to Palestinian Authority services and the same voting rights as other residents.

53. The largest number of registered Palestine refugees resides in Jordan. Most enjoy Jordanian citizenship, and are legally entitled to work and to have access to governmental institutions and other assistance. However, Palestine refugees who left the Gaza Strip in 1967, and their descendants, are issued renewable Jordanian passports valid for two-year periods, albeit without national identity numbers. The 1996 Labour Law requires non-Jordanians to have legal residency and valid

passports and permits in order to work legally. Access to social security benefits depends on reciprocal privileges in the worker's country of origin, rendering Palestine refugees ineligible. The Government of Jordan provides to Palestine refugees and displaced persons education, utilities, subsidies and rations, camp services, health care, public security and social services.

54. In June 2005, the Ministry of Labour of Lebanon allowed registered Palestine refugees born in Lebanon to work at manual and clerical jobs and to obtain work permits, both of which were previously denied. Palestine refugees were still effectively prohibited from practising several professions. Unemployment among refugees was high and living conditions poor. All Palestine refugees registered with UNRWA received identity documents and could acquire renewable travel documents. A 1957 decree still in force governs the movement of Palestine refugees, who in practice may freely change their residence in the country. Palestine refugees have limited access to government services and have to depend almost entirely on UNRWA for basic services. Legislation preventing Palestine refugees from buying immovable property remained in force.

55. Palestine refugees in the Syrian Arab Republic continued to have full access to government services and to the labour market, with the exception that refugees who arrived in the Syrian Arab Republic on or after 10 July 1956 were not allowed to occupy civil posts in the Government. Palestine refugees have almost the same legal protection as Syrian citizens but have no right to be naturalized or to vote. The Government of the Syrian Arab Republic provides to Palestine refugees such services as education, health, housing, utilities, security and social services.

E. Financial overview

1. Sources of funding

56. With the exception of the international staff posts funded by the General Assembly through assessed contributions to the United Nations regular budget by Member States, UNRWA operations, projects and emergency appeals are funded by the voluntary contributions of donors (see figure I). Projects are earmarked contributions for specific activities that complement the Agency's regular programmes.

Figure I
Distribution of sources of funding by donor category and budget fund

By donor category

By budget fund

2. Expenditure

57. In 2008, the Agency expended $807.1 million against a total budget of $897.1 million on its regular budget, projects and emergency appeal activities. The largest component was an expenditure of $496 million under the regular budget, accounting for 61.5 per cent of total expenditure. Emergency activities and projects accounted for 23 per cent and 15.4 per cent, respectively. The self-supporting microfinance department made up less than 1 per cent of total expenditure.

58. As in the past, education remained the largest programme in 2008, with an expenditure accounting for 60 per cent of the total regular budget (see table 1).

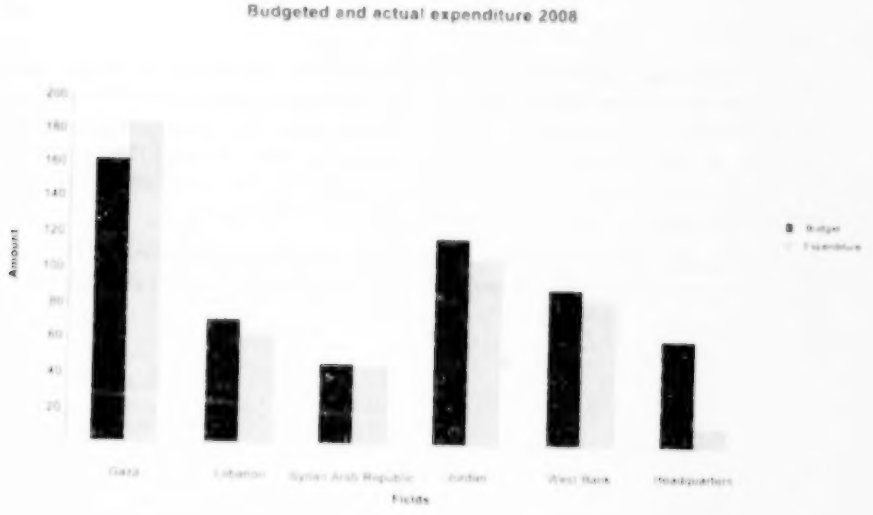
Table 1
UNRWA regular budget 2008
(Millions of United States dollars)

	Budget	*Expenditure (amount)*	*Expenditure (percentage of total)*	*Unfunded portion (amount)*	*Unfunded portion (percentage)*
Education	281.6	298.0	60	(16.4)	(5.8)
Health	106.1	88.8	18	17.3	16.3
Relief and social services	53.3	52.9	11	(0.4)	(0.1)
Operational support	36.4	29.5	6	6.9	19.0
Common services	48.7	27.0	5	21.7	44.6
Other	18.5	—	—	18.5	—
Total	**544.6**	**496.2**	**100**	**48.4**	**8.9**

59. The unfunded portion of $48.4 million resulted from the difference between a needs-based budget and the contributions of donors. The shortfall necessitated the adoption of stringent austerity measures throughout the Agency.

60. Figure II illustrates the 2008 regular budget and actual expenditure across the Agency's areas of operation. The overexpenditure in the Gaza field was attributable to the hiring of additional teachers for the 2008/2009 scholastic year in pursuance of its Schools of Excellence initiative.

Figure II
Comparison of the budget and actual expenditure by field
(Millions of United States dollars)

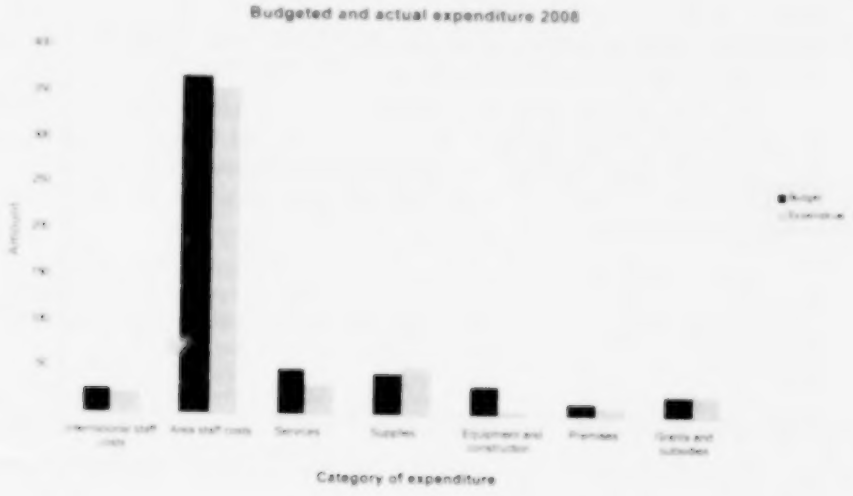


61. Figure III compares the budget with the expenditure for 2008 by category of expenditure.

Figure III

Comparison of the budget and actual expenditure by category of expenditure

(Millions of United States dollars)



Chapter III
Subprogramme review

A. Performance analysis for sub-goal 1: education

62. The Agency's education programme provides elementary and preparatory education in addition to secondary education in Lebanon. Approximately half a million children benefit from this service, which also provides technical and vocational education, teacher training, placement and career guidance and a limited number of scholarships. Highlights during 2008 included the following:

(a) The Violence-Free Schools initiative was launched with the involvement of donors, civil society organizations and other United Nations system agencies. Schools have been provided with a toolkit to facilitate the development and implementation of codes of conduct and approaches to promoting an effective and harmonious educational environment;

(b) UNRWA piloted monitoring learning achievement tests for the 4th and 8th grades in Jordan and the Syrian Arab Republic. The results of these tests will be used to develop cross-field learning comparisons that will be administered in 2009 in all fields;

(c) A recovery plan for the Gaza Strip provided support to school supervisors and teachers improving the teaching of Arabic and maths for grades 1-4;

(d) Additional human rights, conflict resolution and tolerance programme materials were produced.

Table 2
Education: performance by indicator[a]

Expected accomplishments	*Performance indicators*	*Achievements*
Maintenance and improvement of the quality of education provided to the Palestine refugee population at all levels by maintaining an environment conducive to learning, meeting the needs arising from the natural growth in the refugee population through upgrading and construction of facilities, and enhancing the skills and competencies of the Agency's teaching and training staff.	(i) Maintenance of relatively high pupil pass rate in the elementary cycle	Unit of measure: percentage Target: 96 Result: 90.95
	(ii) Maintenance of relatively high pupil pass rate in the preparatory cycle	Target: 98 Result: 92.84
	(iii) Maintenance of relatively low dropout rate in the elementary cycle	Target: 0.35 Result: 0.32
	(iv) Reduction in the dropout rate in the preparatory cycle	Target: 2.65 Result: 2.60

Expected accomplishments	*Performance indicators*	*Achievements*
	(v) Number of additional educational facilities or other infrastructure constructed or renovated	Unit of measure: number of facilities Target: 350 Result: 282
	(vi) Number of education staff from teaching and non-teaching categories trained	Unit of measure: number of staff Target: 1,800 Result: 1,937
	(vii) Improvement in the pupil-to-teacher ratio in the elementary cycle	Unit of measure: ratio Target: 30:1 Result: 30.67:1
	(viii) Improvement in the pupil-to-teacher ratio in the preparatory cycle	Target (2008): 23:1 Result (2008): 23.86:1
	(ix) Schools operating on a double-shift basis	Unit of measure: number of schools Target: 470 Result: 529

[a] The figures provided refer to the academic year 2007/08. The school year starts in September and ends in June of the following calendar year.

Significant activities

63. New versions of the student registration system and the placement and career guidance system were introduced.

64. Standardization of information technology (IT) subjects with a view to accreditation was begun by introducing the Cisco Fundamentals of Wireless Local Area Networks, Cisco Fundamentals of Network Security, Cisco IT Essentials Academy Programme and the International Computer Driving License Computer Aided Design Programme. The department also introduced 50 e-learning subjects to be used in its training facilities.

65. A new vocational and technical education training centre was established in northern Lebanon, with nine semi-professional and trade courses to serve Palestine refugee youth. The Nahr el-Bared Technical and Vocational Training Centre is now fully operational with 182 trainees enrolled for the scholastic year 2008/2009.

66. The Damascus Training Centre piloted a one-year structure for seven of its courses as part of an overall effort to capitalize on developments in the expanding Syrian labour market. Further innovations will be pursued in the coming period as part of the Syrian Arab Republic field's programme priority of maximizing the employment opportunities for refugee youth.

67. The employment rate of UNRWA vocational and technical training graduates continues to be very high. Out of 2,800 graduates from UNRWA training centres in the year 2006/2007, 77.4 per cent were employed within one year.

B. Performance analysis for sub-goal II: health

68. The goal of the UNRWA Health Programme is to protect, preserve and promote the health status of the registered Palestine refugees within the Agency's five areas of operations. Highlights in 2008 included the following:

(a) In cooperation with the Japanese International Cooperation Agency, a new maternal and child health handbook was produced and new World Health Organization (WHO) growth monitoring charts were introduced in the West Bank and the Gaza Strip, with their expansion to Jordan planned for 2009;

(b) Joint activities with United States Centers for Disease Control and Prevention continued and the Global Youth Tobacco Survey was conducted in all UNRWA fields of operations. The results will be published in early 2009;

(c) Technical instructions on non-communicable disease were revised and updated;

(d) Surveillance guidelines for the Expanded Programme on Immunization (EPI) were updated according to latest WHO instructions;

(e) Instructions on health mapping and a geographic information system were prepared for the first time;

(f) With cooperation from a WHO consultant, a set of UNRWA health centre infrastructure standards were developed for use by managers in the field.

Table 3
Health: performance by indicator

Performance indicator	*Actual*	*Target*
Infant mortality rate per 1,000 live births	22	22
Child mortality rate per 1,000 live births	24.4	25
Pregnant women registered at UNRWA for antenatal care clinics during first trimester (out of all newly registered pregnant women)	74.9 per cent	70 per cent
Pregnant women who paid at least four antenatal visits to clinics during the antenatal period	90.3 per cent	90 per cent
Babies delivered by trained personnel	99.9 per cent	98 per cent
Prevalence of contraceptive methods among mothers of infants 0 to 3 years of age attending UNRWA maternal and child health clinics	55.4 per cent	55 per cent
Total fertility rate	3.2	3.2
Pregnant women protected against tetanus	99.6 per cent	Above 95 per cent
12-month-old infants fully immunized	99.6 per cent	Above 95 per cent
18-month-old infants receiving all booster doses	99.4 per cent	Above 95 per cent
Incidence of neonatal tetanus and poliomyelitis	0	0

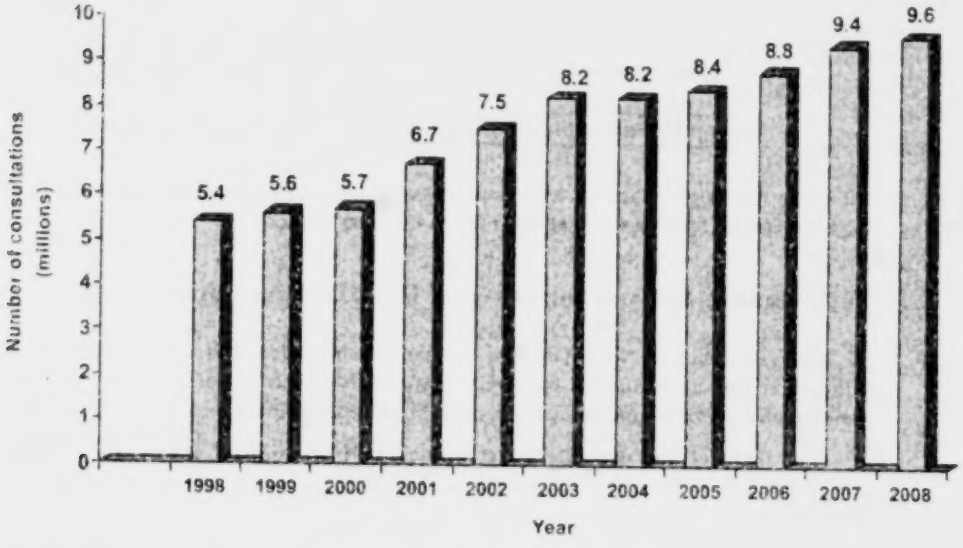
Performance indicator	*Actual*	*Target*
Cure rate of smear positive TB cases	100 per cent	100 per cent
Average daily medical consultations per doctor[a]	103	70
Camp shelters with access to safe water	99.8 per cent	98 per cent

[a] The workload at UNRWA primary health-care facilities was increased by 7.3 per cent from 96 in 2007 to 103 patients per medical officer by the end of 2008.

Results

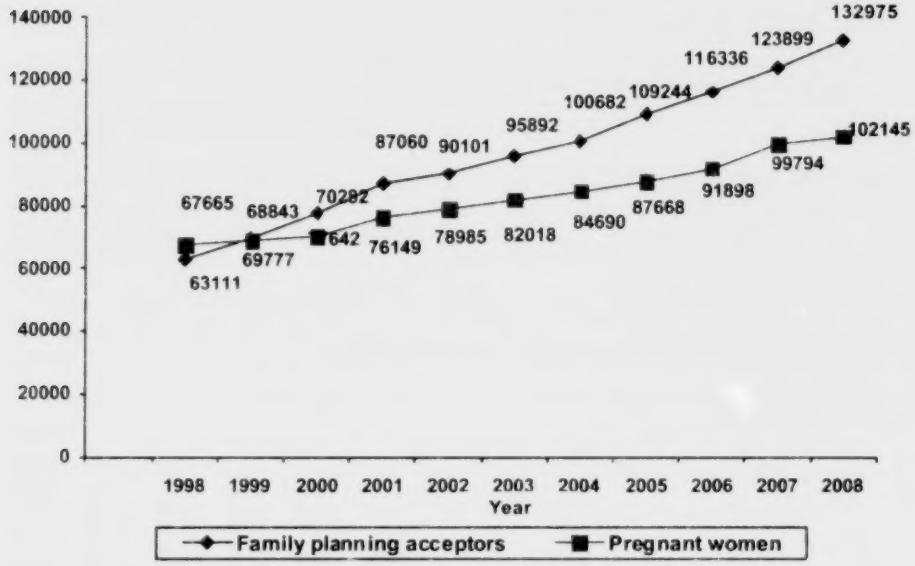
69. Medical consultations provided to refugees rose by 2.2 per cent, to 9.6 million (see figure IV). The total number of refugees receiving hospital treatment increased by 14 per cent, to 84,323, while dental consultations increased by 1.6 per cent, to 748,995.

Figure IV
Utilization of curative medical services 1998-2008



70. The number of newly registered pregnant women increased by 2.4 per cent, to 102,145, those receiving post-natal care rose by 3.7 per cent, to 89,418 and the number of family planning acceptors grew by 7.3 per cent, to 132,975 (see figure V).

Figure V
Correlation between number of pregnant women and family planning acceptors 1998-2008



71. The number of patients with non-communicable diseases under supervision at UNRWA health facilities increased from 164,312 to 177,223.

C. Performance analysis for sub-goal III: relief and social services

72. Services include food support; shelter rehabilitation and cash assistance to families living in particular hardship; community-based social services; and the maintenance of registered refugee records. Highlights in 2008 include the following:

(a) Abject and absolute poverty lines were formulated and a proxy means test formula developed for the five fields. The formula was tested in Jordan and the Gaza Strip;

(b) Vulnerable pregnant and nursing women will benefit from food aid for up to 12 months under a new poverty-based approach. This represents a departure from a previous status-based approach to pre- and post-natal support;

(c) An external evaluation to assess the efficiency and effectiveness of the community-based rehabilitation approach to refugees with disabilities was conducted;

(d) Two units for 175 children with disabilities were established in Lebanon staffed by physiotherapists and speech and occupational therapists.

Table 4
Relief and social services: performance by indicator

		Achievements	
Expected accomplishment	*Performance indicator*	*2008 target*	*2008 result*
Improved quarterly delivery of food rations and cash subsidy "safety net" support to special hardship case families	Percentage of food rations and cash subsidies distributed in relation to the projected ceiling	100 per cent	A quarterly average of 250,024 beneficiaries received their rations and cash subsidies, representing 98 per cent of the yearly projected ration/ cash subsidy ceiling (254,249)
Increased provision of selective cash to refugee families facing emergency financial crisis in a timely manner	Percentage of increase in number of special hardship cases and non-special hardship case families receiving cash assistance in relation to the previous reporting period	Special hardship case families: 12 per cent Non-special hardship case families: 3 per cent	3,064 (4.5 per cent) of the total number of special hardship case families benefited; 65 non-special hardship case families were assisted, representing 1 per cent of all special hardship case families. The target was not achieved owing to the Agency's imposed austerity measures
Maintained ability to keep up-to-date computerized registry of all registered refugees through timely verifications and modification transactions	Percentage of modifications and verifications processed for refugees and Governments, United Nations agencies or valid officials	100 per cent	473,635 modification transactions completed and 162,890 verification requests processed, equal to 100 per cent completion of all requests received

Expected accomplishment	Performance indicator	Achievements: 2008 target	Achievements: 2008 result
	Percentage of new registrations processed by headquarters within two weeks	100 per cent	211 new registration requests were approved by the Department of Relief and Social Services, representing 86 per cent of the recommended cases for approval and 36 per cent of total pending, received and rejected applications
Increased development opportunities for women	Number of women benefiting from skills training activities	9,000	9,619; target was met
Greater access to services and opportunities for persons with disabilities	Number of persons with disabilities receiving direct rehabilitation services	17,500	16,490; target was not met owing to limitation of budget
Greater access of children and youth to educational, cultural and recreational activities	Number of children participating	37,500	49,250; the increase in number of children and youth participating in recreational activities is due to Gaza Summer Game initiative
Increased provision of credit and skills training opportunities to refugees	Number of clients benefiting from loan products	2,500	2,507; target was met

Results

73. A total of 4,396 Iraqi Palestine refugees received assistance either as food, cash or a combination of both in Jordan and the Syrian Arab Republic.

74. Only 750 children of registered refugee mothers married to non-refugees were processed for registration and food and cash was provided to 4,952. The Agency is unable to fully process the families of mothers married to non-refugees owing to resource constraints.

75. By the end of 2008, 14,527,546 million family file documents were scanned and electronically archived as part of the Palestine refugee records project. Scanning of all family file documents is due to be completed in the first quarter of 2009.

76. During the year, 20 of the community-based organizations supported by UNRWA issued 2,061 loans (85 per cent of which were to women) with a repayment rate of 98 per cent.

77. Selective cash assistance benefited 3,129 refugee families facing various financial emergencies. Many applicants could not be assisted because budgetary cuts have reduced funding of cash assistance to 16 per cent of that allotted in 2005.

78. During the year, 449 shelters of social safety net families were repaired or constructed. This number represents 2.5 per cent of total shelters identified as being in need of rehabilitation.

79. Implementation of the Web-based refugee registration information system was delayed because of insufficient bandwidth in the Agency's telecommunications system and restrictions on staff from the occupied Palestinian territory travelling for training purposes.

80. A total of 65,040 abject poor individuals in the Gaza Strip and 7,032 in Jordan were provided with a family income supplement to bridge the food poverty gap during the last six months of 2008.

81. In Lebanon, with the support of the European Union, the microcredit community support programme is working with three NGOs on a project valued at 3 million euros to reactivate business affected by the destruction of Nahr el-Bared camp. By the end of 2008, 188 businesses, valued at $654,150, were reactivated.

D. Performance analysis for sub-goal IV: microfinance

82. The Agency's microfinance department provides credit for small businesses, microenterprises, household consumption and housing needs to improve the quality of life of microentrepreneurs, reduce unemployment and poverty, build household assets, improve housing stock, empower women and provide economic opportunities for youth. Highlights in 2008 included the following:

(a) The programme as a whole was fully self-reliant, with a total operational self-sufficiency rate of 112 per cent on its credit outreach of $32 million. The operational self-sufficiency rate ranged from 128 per cent in the West Bank, 108 per cent in the Syrian Arab Republic, 100 per cent in Jordan to 95 per cent in the Gaza Strip;

(b) In 2008 the programme achieved record outreach when it financed almost 25,000 loans worth $31.69 million, accruing operating expenses of almost $5 million and generating a yield of $600,000. Over 18 years the programme has financed 166,000 loans valued at US$ 181 million;

(c) In 2008, it maintained its position as the leading microfinance organization in the occupied Palestinian territory, while continuing to expand its operations in Jordan and the Syrian Arab Republic. The branch office network grew to 17 offices in 2008;

(d) The programme diversified its product base by introducing a new microenterprise credit plus product in the West Bank and Jordan, a new women's household credit product for the Syrian Arab Republic and by extending its consumer lending product into Jordan and the Syrian Arab Republic;

(e) The programme's net loan capital increased by $1.5 million to $16.35 million, with contributions from Luxembourg and the Arab Authority for Agricultural Investment and Development;

(f) The PalFund trust fund, financed by the Organization of Petroleum Exporting Countries Fund for International Development to support Palestinian enterprises in the occupied Palestinian territory, financed 6,736 PalFund enterprise loans worth $11.05 million. The trust fund now stands at $6.87 million and it has financed a total of 18,068 enterprise loans worth $23.47 million.

Table 5
Microfinance: performance by indicator

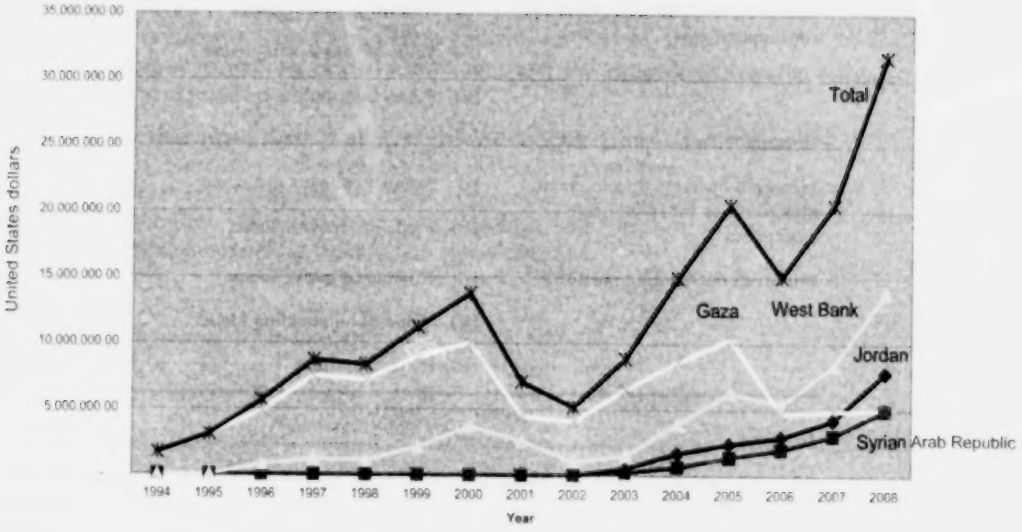
Expected accomplishment	*Performance indicator*	*Achievements*	
		2008 target	*2008 result*
Microenterprise credit and microenterprise credit plus			
Increased business development and income-generating opportunities	(i) Number of loans disbursed	36 000	17 949
	(ii) Value of loans financed	$30.00 million	$23.89 million
Improved outstanding portfolio and number of active loans	(i) Number of active loans	15 000	11 575
	(ii) Value of loans outstanding	$14.50 million	$11.01 million
	(iii) Repayment rate	97 per cent	98 per cent
Solidarity group lending and women's household credit			
Increased capacity of women microentrepreneurs	(i) Number of loans disbursed to women	9 600	2 776
	(ii) Value of loans financed	$4.12 million	$1.20 million
Improved outstanding portfolio to women	(i) Number of active loans to women	5 300	1 847
	(ii) Value of active loans	$1.75 million	$0.50 million
	(iii) Repayment rate	97 per cent	98 per cent
Consumer lending			
Increased financial services to poor people that are unable to access bank credit	(i) Number of loans disbursed	16 800	3 871
	(ii) Value of loans financed	$10.80 million	$4.52 million

Expected accomplishment	*Performance indicator*	*Achievements*	
		2008 target	*2008 result*
Improved outstanding portfolio to consume. clients	(i) Number of active loans	6 600	3 336
	(ii) Value of outstanding loans	$4.60 million	$2.41 million
	(iii) Repayment rate	97 per cent	96 per cent
Housing loans			
Increased business development opportunities for small-scale enterprises	(i) Number of loans disbursed	1 044	267
	(ii) Value of loans financed	$5.94 million	$1.95 million
Improved outstanding portfolio	(i) Number of active loans	700	617
	(ii) Value of outstanding loans	$3.20 million	$2.39 million
	(iii) Repayment rate	97 per cent	98 per cent

Results

83. The 18-month-long border closure and economic siege of the Gaza Strip has severely curtailed the private sector. Surviving businesses are increasingly dependent on goods flowing through the underground network of tunnels mined along the Gaza-Egyptian border. While this provides a vital economic lifeline that sustains a minimal level of business activity, this unregulated system cannot maintain the private sector nor sustain the industrial base that the Gaza Strip requires to create employment. In this context, the credit outreach of the programme in the Gaza Strip continued to stagnate, when it financed just 2,800 loans worth $5.05 million in 2008, compared with 12,685 loans worth $10.38 million in 2005 (see figure VI).

Figure VI
Value of loans financed



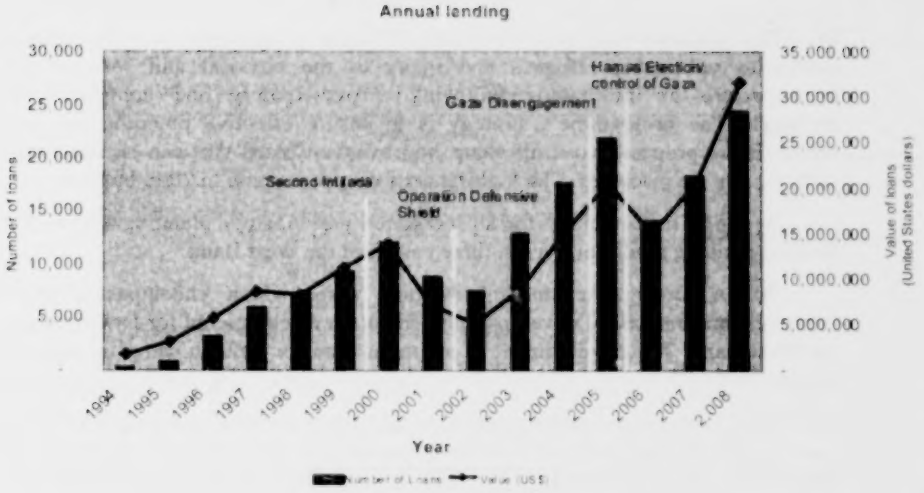
84. While outreach in the Gaza Strip was stagnant, the programme increased its credit outreach by 50 per cent between 2007 and 2008. This was driven most dramatically by record outreach in the West Bank, where 9,000 loans worth $14 million were financed.

85. In addition to expansion in the West Bank, the programme continued to grow in Jordan and the Syrian Arab Republic. The expansion of microfinance activities in these three regions enabled the department to be self-sustaining in 2008 and subsidize the loss of almost $70,000 in the Gaza Strip.

86. In Jordan, the programme financed a total of 5,600 loans worth $7.77 million through four branch offices in Amman and Zarqa.

87. The planned expansion of the programme in the Syrian Arab Republic into Aleppo in 2008 was delayed by a lack of suitable rental property. Despite this, the programme grew in 2008, financing over 7,000 loans worth almost $5 million. Women received 33 per cent of all loans financed in the Syrian Arab Republic.

Figure VII



88. A social performance task force has been established by the global microfinance industry to ensure that financial services are socially, as well as financially, inclusive. UNRWA has embraced this initiative and is working to ensure that its mission to reach the poorest and most marginal, including refugees, women, youth and others, is translated into measured indicators. As part of these activities, it was selected to participate in a training initiative with Sanabel — the microfinance network for Arab countries — to develop a social performance workbook to integrate social performance management into the organization and undertake a social audit to see its impact. The programme is also establishing a social performance management unit to monitor and evaluate this work, which is also within the Agency's broader organizational development initiative.

89. As part of establishing a baseline to benchmark the progress of its social performance management activities, UNRWA was the first microfinance programme in the Middle East and North Africa region to undertake a social rating by a microfinance rating agency. This was done in October 2008 by Microfinanza SRL and UNRWA achieved a social rating of BBB-, which is a midpoint social rating. As it continues to mainstream its social performance, UNRWA will undertake a social rating every two to three years.

90. Similarly, in order to show the impact of its microfinance activities on the lives and families of its clients, UNRWA has undertaken to have an independent impact assessment study conducted each year on various aspects of its activities. In 2008, an impact assessment study was undertaken by PlaNet Finance on UNRWA activities in the Syrian Arab Republic. This indicated significant positive benefits to clients' participation in microfinance, including investment, sales, profits, autonomy and food security.

E. Performance analysis for sub-goal V: infrastructure and camp improvement

91. The infrastructure and camp improvement programme provides improved shelter to vulnerable refugees and improves the physical and socio-economic infrastructure of the camps following a participatory and community-based approach. The programme's strategy is to ensure effective planning and use of resources by proposing overall camp improvement plans that can be implemented according to set priorities. The highlights of the programme in 2008 include:

(a) The methodology for an integrated participatory planning approach was developed using a pilot project in three camps in the West Bank;

(b) A strategic camp improvement plan, which encompasses physical improvements and social development elements, was completed for Fawwar camp in the West Bank. The development of a similar plan for Talbieh camp in Jordan was begun;

(c) Three major environmental infrastructure projects covering water supply, storm water drainage and wastewater collection for two camps in the Syrian Arab Republic were under construction. Ten smaller-scale projects were completed in Lebanon and the West Bank;

(d) In Nahr el-Bared, 170 families were accommodated in 11 collective centres created by renovating existing buildings. A total of 806 housing units were constructed as emergency shelter for 666 families. Sewerage, drainage and water supply infrastructure and generators were installed in the areas adjacent to the camp. A comprehensive master plan was prepared and coordinated with different stakeholders, including the refugees and the Lebanese authorities. Preliminary engineering and detailed designs were completed for parts of the camp and a tender was issued;

(e) A total of 1,871 shelters were rehabilitated, extended or reconstructed across the Agency's area of operations. In addition, 47 new housing units were built in Ein El-Tal camp in the Syrian Arab Republic and 35 new units were under construction;

(f) The construction of 13 entirely new buildings, including schools, health centres, offices and community centres, was completed, in addition to 14 building extensions;

(g) Key headquarters and field staff were trained on the participatory planning process, certified value engineering, certified professional project management, contract administration, time management, gender awareness and team-building;

(h) As part of the Agency's organizational development plan, the programme initiated a strategic planning process covering the next six years; changed the conditions of its construction contracts to move towards internationally accepted standards; developed better standards for the design of health centres; adapted its designs for all UNRWA buildings to be accessible to persons with a disability and developed a gender action plan;

(i) In the Gaza Strip, only minor works, to the approximate value of $450,000, have been completed owing to access and security issues. What was completed included facilities for the Summer Games.

Table 6
Infrastructure and camp improvement: performance by indicator

Expected accomplishment	*Performance indicator*	*Achievement*
(a) Enable disabled persons to access all new UNRWA facilities	Percentage of projects designed to have access for people with disabilities	Baseline: 0 per cent Actual 2008: 90 per cent Target: 100 per cent
(b) Improved integration of camp water network within municipal/regional systems	Number of official camps connected to municipal water networks	Baseline: 57 Actual 2008: 59 Target: 59
(c) Improved knowledge of camp resources in physical and socio-economic terms	(i) Number of the camp-area surveys conducted	Baseline: 0 Actual 2008: 5 Target: 10
	(ii) Number of socio-economic surveys conducted	Baseline: 0 Actual 2008: 4 Target: 10
(d) Increased number of refugees living in appropriate shelters	Number of shelters which have been rehabilitated, extended or reconstructed	Baseline: 1,100 Actual 2008: 1,871 Target: 2,200

Results

92. Funding shortages meant that only two camp improvement plans were initiated in 2008. Only one of them was completed. The target is five camp improvement plans in the biennium 2008-2009. Four out of a planned five topographical and socio-economic surveys conducted were completed.

93. The closure of the Gaza Strip meant that UNRWA construction projects worth $76 million were still pending at the end of the reporting period and the Agency had incurred additional costs because of suspension of works. Movement restrictions also prevented Gaza staff participating in meetings, workshops and training outside the Gaza Strip.

94. At the field and headquarters levels, the programme suffered from its inability to recruit key qualified staff because of the Agency's uncompetitive remuneration rates.

95. Some infrastructure projects that were planned to connect to regional and municipal systems could not be completed because of lack of progress by other actors.

96. The newly developed participatory planning method was applied in developing the plans for Nahr el-Bared reconstruction and was successful in involving all stakeholders and the community as full partners rather than simply as recipients of a service.

97. While most designs for UNRWA facilities were prepared to accommodate access for people with disabilities, for two-storey constructions it was not possible because the costs were greater than the funds already received for the project.

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Chapter I

Introduction to the 2010-2011 biennium budget

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established under General Assembly resolution 302(IV) of 8 December 1949 and became operational on 1 May 1950. Its mandate is to respond to the needs of Palestine refugees until a durable and just solution is found to the refugee issue. It is now one of the largest United Nations programmes, supporting a population of 4.67 million Palestine refugees under its mandate, with over 29,500 staff.

2. UNRWA's mission is to "help Palestine refugees achieve their full potential in human development under the difficult circumstances in which they live". The Agency fulfils this mission by providing a variety of essential services within the framework of international standards to Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Among United Nations agencies, UNRWA is unique in delivering services directly, and as such is similar in character to a public service organisation. UNRWA's mandate -which derives from the General Assembly and has evolved over time in response to developments in the operational context- extends at present to providing education, health, relief and social services, microfinance and emergency assistance to refugees, infrastructure and camp improvement within refugee camps, and refugee protection.

Context

3. UNRWA works against a backdrop of significant trends and pressures. These affect UNRWA's ability to realise its objectives and present challenges to which the Agency's Medium Term Strategy for the period 2010-2015 (MTS) seeks to respond. The factors include the absence of a peaceful solution to the Israeli-Palestinian conflict, ongoing denial of refugees' rights and recurrent armed conflict in some UNRWA locations, the policies and contributions of UNRWA's donor countries and changes taking place within the refugee population itself.

4. The refugee population has changed since the time of UNRWA's genesis. In 1950, there were approximately 750,000 Palestine refugees. Their number has increased by more than six times to 4.67 million in 2008, with an average annual growth rate of three per cent (though this is abating). In the past 20 years the refugee population has nearly doubled. Use of key UNRWA services has increased as a result. Population density and overcrowding in refugee camps is amongst the highest in the world. Critical demographic shifts are also apparent. The refugee population is predominantly made up of young people. More than 56 per cent of refugees were under 25 years of age in 2000. In addition, only 30 per cent of refugees now live within refugee camps.

5. While the refugee population compares well with middle income countries on some indicators of human development such as infant mortality, life expectancy, adult literacy and immunisation, the picture is less positive in other areas. The prevalence of non-communicable

diseases (NCDs) related to lifestyle is increasing, in line with global trends. There is extreme poverty and vulnerability in all fields of operation, and clear signs that this is worsening in some fields. Unemployment levels among refugees are also high in all fields.

6. The five fields in which UNRWA operates share similarities, but are also distinctive. In Jordan and the Syrian Arab Republic most refugees enjoy rights similar to local populations and mostly stable social conditions which afford them greater opportunities for human development. In Lebanon, in spite of considerable efforts by the government, the rights of refugees continue to be limited, reflecting the complex political situation of the country. Widespread devastation from Israel's military operation in December 2008 – January 2009 followed a period of protracted crisis in the Gaza Strip. Constant, low level violence and restrictions on movement characterise the West Bank. Over time these contextual factors have led to differences in the circumstances in which refugees find themselves, and determine what UNRWA can achieve and what must be the focus of UNRWA's resources and effort.

Planning assumptions

7. The continuing elusiveness of a peaceful resolution to the Israeli-Palestinian conflict and the related absence of a solution to the plight of refugees, preclude UNRWA from assuming a radical departure from the status quo in the medium term. Planning and budgeting is therefore predicated on the continuation of the status quo. However, UNRWA must remain ready to respond to changes in political and economic contexts within the current overall scenario. Political and security developments in particular, may require changes to UNRWA's focus in certain fields, such as in the level of resources required for emergency planning, and the cost of meeting the needs of refugees' sliding into deeper poverty if local economies continue to deteriorate.

8. Staff costs constitute the bulk of UNRWA's budget (see Table 4 and Figure 3). This is because the day to day direct delivery of services requires a large number of staff (over 29,500 currently). Efforts to maintain parity with host authorities' public sector salaries render the Agency's financial sustainability susceptible to economic volatility.

9. Should host and donor governments experience continued economic pressures, the demands on UNRWA will also intensify. A reduction in host government service provision for example in the Syrian Arab Republic or Jordan, or a decline in the value of donor contributions to UNRWA would allow only limited realisation of the Agency's goals and delivery of core services.

10. Trends within the refugee population necessitate a stronger focus on data gathering, statistical analysis, flexibility and better planning to ensure service delivery remains sensitive and responsive to the changing needs of the refugee population.

11. However, the MTS's strategic objectives and prioritization of services provide a tool responsive to varying resource levels. Under continued financial pressure, UNRWA will be guided by the MTS in the allocation of scarce resources.

Budget structure

12. This budget reflects the introduction in the Agency of new approaches to strategic planning and results based budgeting in line with United Nations best practice. Its structure reflects the Agency's MTS for the period 2010-2015 and its contents are the product of the implementation of programme cycle management. The chapters that follow and the expected accomplishments, indicators of achievement and measurements set out therein, reflect UNRWA's commitment to results-based planning and budgeting and a shift away from planning based primarily on inputs and activities.

13. The MTS identifies four human development goals for Palestine refugees, namely, to:

    a) have a long and healthy life;

    b) acquire knowledge and skills;

    c) have a decent standard of living; and

    d) enjoy human rights to the fullest extent possible.

14. From these four human development goals, 15 strategic objectives have been identified for the medium term, 2010 to 2015.

15. Implementation Plans have been prepared in each Field and for each Headquarters Department for the first biennium of the MTS 2010-2011. The Implementation Plans are based on the human development goals and strategic objectives set out in the MTS. Field Implementation Plans describe how UNRWA's five core programmes – Education, Health, Relief and Social Services, Infrastructure and Camp Improvement, and Microfinance – will be implemented during the 2010–2011 biennium in each Field in order to realize the expected accomplishments and outputs set out herein. In addition to describing the core programmes covered by the Agency's Regular Budget, the plans include projects (time-bound or temporal activities) that are complementary to the core programmes and which are subject to direct funding. Projects represent a key component to achieve the strategic objectives and implement the MTS.

16. Unlike previous budgets, this Budget includes a breakdown by goals and strategic objectives rather than by programme. The purpose of this innovation is to link financial resources directly to the achievement of results consistent with the Agency's strategy. It is in line with best practice, is in response to the demands of United Nations Member States and is in line with advice of the Agency's Advisory Commission.

17. The following pages contain the listed summary tables:

Figure 1: An Organizational Chart of UNRWA broken down by Department and showing the number of international and area staff located in each Department.

Table 1: A summary of the Programme Budget for 2010–2011 broken down by, amongst other things, Human Development Goal, Regular Budget and Project Budget.

Table 2 and Figure 2: A breakdown of the Regular Budget by Field with comparative figures for 2006–2007 and 2008–2009 biennia.

Table 3 and Figure 3: A breakdown of the Regular Budget by Human Development Goal with comparative figures for 2006–2007 and 2008–2009.

Table 4 and Figure 4: A breakdown of the Regular Budget by Category of Expenditure.

Figures 5 and 6: A breakdown of the project budgets by Human Development Goal and Field.

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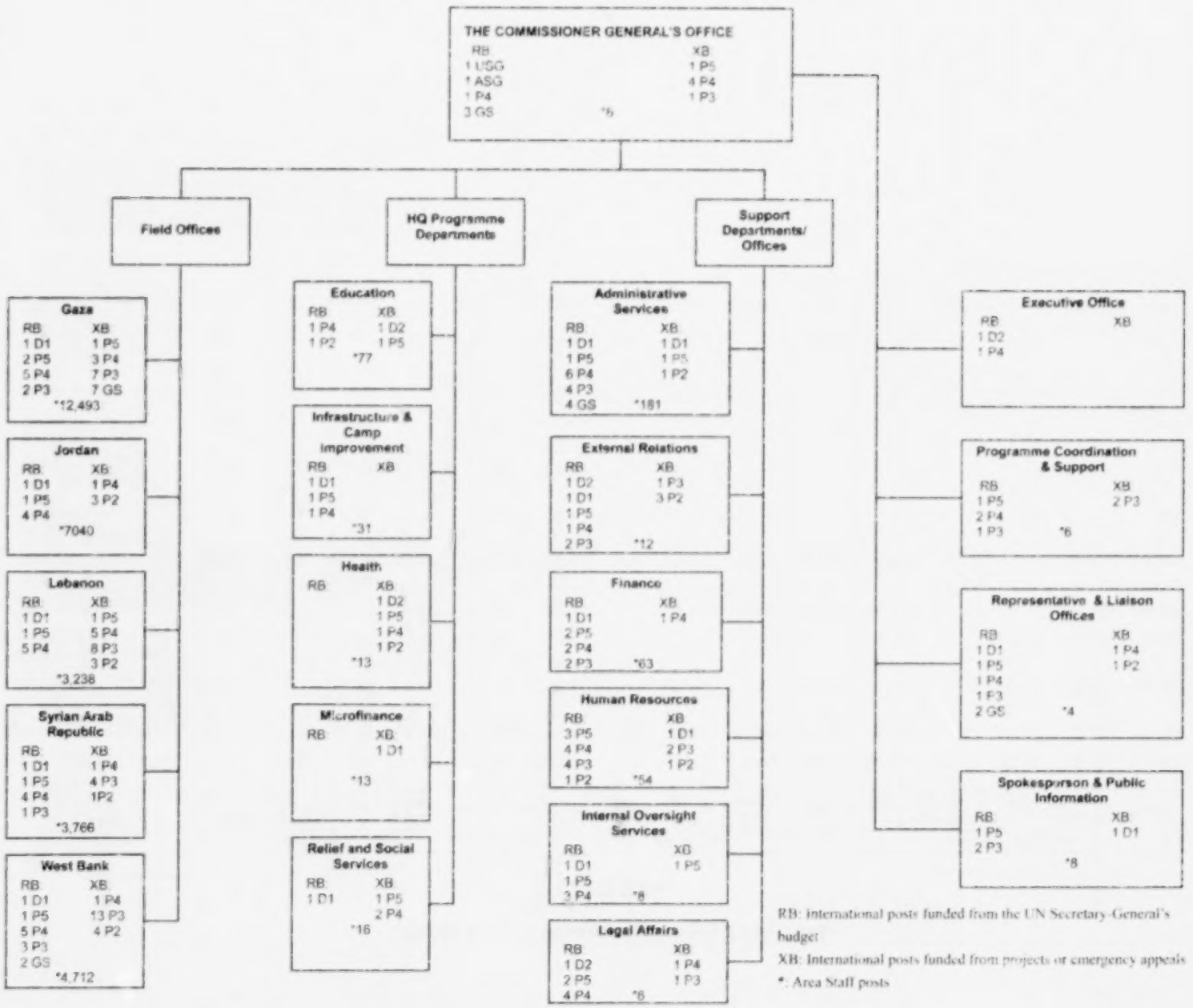
Figure 1: UNRWA's organizational chart by department


THE COMMISSIONER GENERAL'S OFFICE
RB: 1 USG, 1 ASG, 1 P4, 3 GS; XB: 1 P5, 4 P4, 1 P3; *5
Field Offices
HQ Programme Departments
Support Departments/ Offices
Gaza
RB: 1 D1, 2 P5, 5 P4, 2 P3; XB: 1 P5, 3 P4, 7 P3, 7 GS; *12,493
Jordan
RB: 1 D1, 1 P5, 4 P4; XB: 1 P4, 3 P2; *7040
Lebanon
RB: 1 D1, 1 P5, 5 P4; XB: 1 P5, 5 P4, 8 P3, 3 P2; *3,238
Syrian Arab Republic
RB: 1 D1, 1 P5, 4 P4, 1 P3; XB: 1 P4, 4 P3, 1P2; *3,766
West Bank
RB: 1 D1, 1 P5, 5 P4, 3 P3, 2 GS; XB: 1 P4, 13 P3, 4 P2; *4,712
Education
RB: 1 P4, 1 P2; XB: 1 D2, 1 P5; *77
Infrastructure & Camp Improvement
RB: 1 D1, 1 P5, 1 P4; XB; *31
Health
RB; XB: 1 D2, 1 P5, 1 P4, 1 P2; *13
Microfinance
RB; XB: 1 D1; *13
Relief and Social Services
RB: 1 D1; XB: 1 P5, 2 P4; *16
Administrative Services
RB: 1 D1, 1 P5, 6 P4, 4 P3, 4 GS; XB: 1 D1, 1 P5, 1 P2; *181
External Relations
RB: 1 D2, 1 D1, 1 P5, 1 P4, 2 P3; XB: 1 P3, 3 P2; *12
Finance
RB: 1 D1, 2 P5, 2 P4, 2 P3; XB: 1 P4; *63
Human Resources
RB: 3 P5, 4 P4, 4 P3, 1 P2; XB: 1 D1, 2 P3, 1 P2; *54
Internal Oversight Services
RB: 1 D1, 1 P5, 3 P4; XB: 1 P5; *8
Legal Affairs
RB: 1 D2, 2 P5, 4 P4; XB: 1 P4, 1 P3; *6
Executive Office
RB: 1 D2, 1 P4; XB
Programme Coordination & Support
RB: 1 P5, 2 P4, 1 P3; XB: 2 P3; *6
Representative & Liaison Offices
RB: 1 D1, 1 P5, 1 P4, 1 P3, 2 GS; XB: 1 P4, 1 P2; *4
Spokesperson & Public Information
RB: 1 P5, 2 P3; XB: 1 D1; *8

RB: International posts funded from the UN Secretary-General's budget

XB: International posts funded from projects or emergency appeals

*: Area Staff posts

Table 1 Biennium budget 2010-2011

(USD'000s)

Goal	2010 Fiscal Year					2011 Fiscal Year					2010-2011 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash	In Kind	Total			Cash	In Kind	Total			Cash	In Kind	Total		
Long and Healthy Life	96,962	2,818	99,780	25,222	125,002	98,303	2,932	101,235	31,228	132,463	195,265	5,750	201,015	56,450	257,465
Knowledge and Skills	311,316	569	311,885	66,803	378,688	317,683	583	318,266	60,810	379,076	628,999	1,152	630,151	127,613	757,764
A Decent Standard of Living	74,875		74,875	124,941	199,816	77,601		77,601	108,680	186,281	152,476		152,476	233,621	386,097
Human Rights enjoyed to the Fullest	5,685		5,685	18,644	24,329	5,704		5,704	15,147	20,851	11,389		11,389	33,791	45,180
Support Services	90,850		90,850	26,363	117,213	88,995		88,995	12,923	101,918	179,845		179,845	39,286	219,131
Total Goal Requirements	579,688	3,387	583,075	261,973	845,048	588,286	3,515	591,801	228,788	820,589	1,167,974	6,902	1,174,876	490,761	1,665,637
Contingency Requirements	3,263		3,263		3,263	2,365		2,365		2,365	5,628	-	5,628	-	5,628
Area Staff Separation Benefit	5,078		5,078		5,078	5,078		5,078		5,078	10,156	-	10,156	-	10,156
Salary Increase Reserve	9,500		9,500		9,500	24,500		24,500		24,500	34,000	-	34,000	-	34,000
Maintenance Reserve	1,000		1,000		1,000	1,000		1,000		1,000	2,000	-	2,000	-	2,000
Total Other Requirements	18,841	-	18,841	-	18,841	32,943	-	32,943	-	32,943	51,784	-	51,784	-	51,784
Total Resource Requirements	598,529	3,387	601,916	261,973	863,889	621,229	3,515	624,744	228,788	853,532	1,219,758	6,902	1,226,660	490,761	1,717,421

Table 2: Regular budget requirements by field
(Cash and In-kind, USD'000s)

Field	2006-2007 Expenditure	2008-2009 Appropriation	2010-2011 Estimate	Resource Growth	
				Amount	%
Gaza Strip	270,267	385,345	408,024	22,679	5.89
Lebanon	112,993	146,041	148,403	2,362	1.62
Syrian Arab Republic	65,351	98,948	107,021	8,073	8.16
Jordan	176,385	230,310	231,681	1,371	0.60
West Bank	143,538	185,649	191,408	5,759	3.10
Headquarters	51,971	73,753	88,339[1]	14,586	19.78
Sub-total	**820,505**	**1,120,046**	**1,174,876**	**54,830**	**4.90**
Contingency Requirements[2]			5,628	5,628	-
Area Staff Separation Benefit[2]			10,156	10,156	-
Salary Increase Reserve[2]			34,000	34,000	-
Maintenance Reserve[2]			2,000	2,000	-
Sub-total	-	-	**51,784**	**51,784**	-
Total Budget	**820,505**	**1,120,046**	**1,226,660**	**106,614**	**9.52**

[1] Includes the cost of 14 additional international posts requested to be funded from the UN Secretary-General's Regular Budget, 3 of which are included in the Secretary (SG's) General's budget.
[2] Comparative figures for 2006-2009 are incorporated into the respective fields' expenditure/appropriation.

Figure 2: Regular budget by field
(Cash and In-kind, USD'000s)

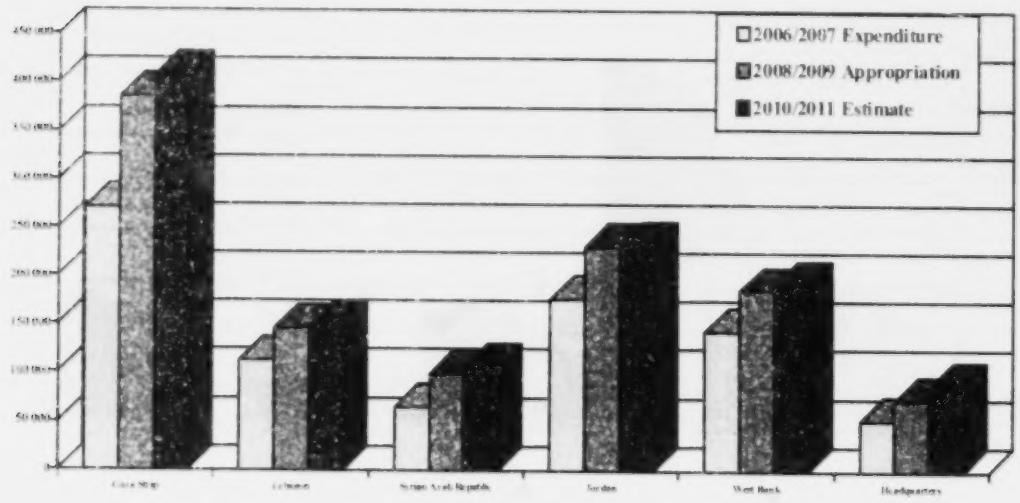


Table 3: Regular budget requirements by human development goal
(Cash and In-kind, USD'000s)

Goal	2006-2007 Expenditure	2008-2009 Appropriation	2010-2011 Estimate	Resource Growth	
				Amount	%
Long and Healthy Life	147,388	195,511	201,015	5,504	2.82
Knowledge and Skills	448,875	585,068	630,151	45,083	7.71
A Decent Standard of Living	104,379	171,427	152,476	(18,951)	(11.05)
Human Rights Enjoyed to the Fullest	10,769	12,289	11,389	(900)	(7.32)
Support Services	109,094	155,751	179,845 [1]	24,094	15.47
Sub-total	**820,505**	**1,120,046**	**1,174,876**	**54,830**	**4.90**
Contingency Requirements[2]			5,628	5,628	-
Area Staff Separation Benefit[2]			10,156	10,156	-
Salary Increase Reserve[2]			34,000	34,000	-
Maintenance Reserve[2]			2,000	2,000	-
Sub-total	-	-	**51,784**	**51,784**	-
Total Budget	**820,505**	**1,120,046**	**1,226,660**	**106,614**	**9.52**

[1] Includes the cost of 14 additional international posts requested, 3 of which are in the SG's budget.
[2] Comparative figures for 2006-2009 are incorporated into the respective Human Development Goal's (HDG's) expenditure/appropriation.

Figure 3: Regular budget by human development goal
(Cash and In-kind, USD'000s)

Table 4: Regular budget requirements by category of expenditure
(Cash and In-kind, USD'000s)

Category of Expenditure	2006-2007 Expenditure	2008-2009 Appropriation	2010-2011 Estimate	Resource Growth	
				Amount	%
International Staff Costs	40,910	47,665	61,256[1]	13,591	28.51
Area Staff Costs	595,401	789,278	816,390	27,112	3.44
Services	45,731	62,305	82,513	20,208	32.43
Supplies	81,831	128,751	126,921	(1,830)	(1.42)
Equipment & Construction	11,445	25,641	24,250	(1,391)	(5.42)
Premises	15,645	21,624	26,321	4,697	21.72
Grants & Subsidies	29,542	44,782	37,225	(7,557)	(16.88)
Sub-total	**820,505**	**1,120,046**	**1,174,876**	**54,830**	**4.90**
Contingency Requirements[2]			5,628	5,628	-
Area Staff Separation Benefit[2]			10,156	10,156	-
Salary Increase Reserve[2]			34,000	34,000	-
Maintenance Reserve[2]			2,000	2,000	-
Sub-total	-	-	**51,784**	**51,784**	-
Total Budget	**820,505**	**1,120,046**	**1,226,660**	**106,614**	**9.52**

[1] Includes the cost of 14 additional international posts requested, 3 of which are in the SG's budget.
[2] Comparative figures for 2006-2009 are incorporated into the respective Categories of Expenditure above.

Figure 4: Regular budget by category of expenditure
(Cash and In-kind, USD'000s)

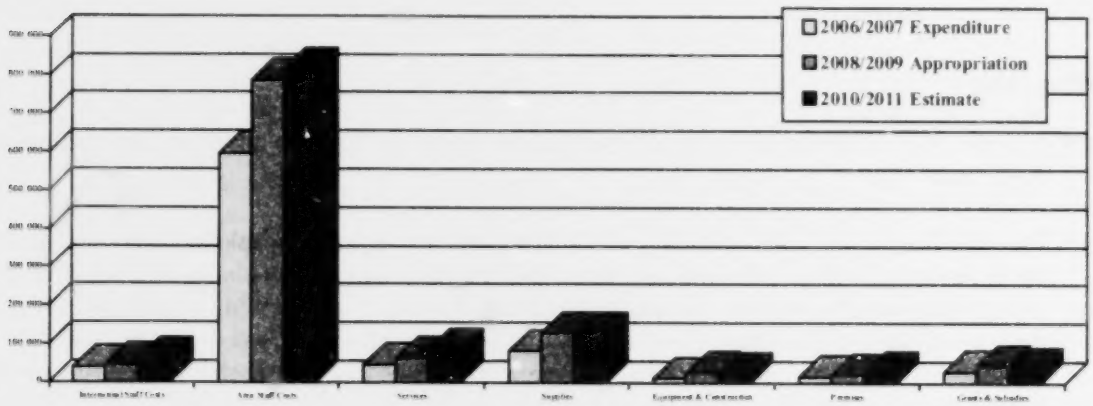


Figure 5: Project budget by human development goal
(USD'000s)

Human Development Goal	
Long and Healthy Life	56,450
Knowledge and Skills	127,613
A Decent Standard of Living	233,621
Human Rights Enjoyed to the Fullest	33,791
Support Services	39,286
Total	**490,761**

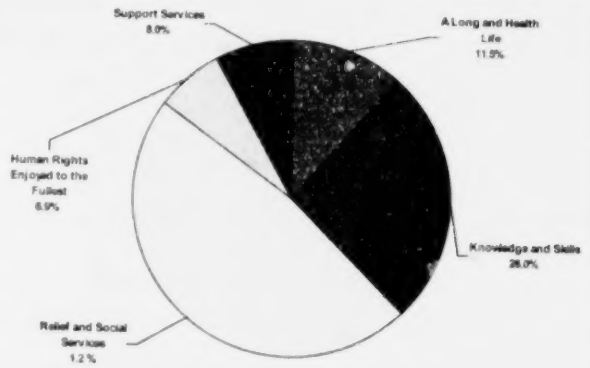
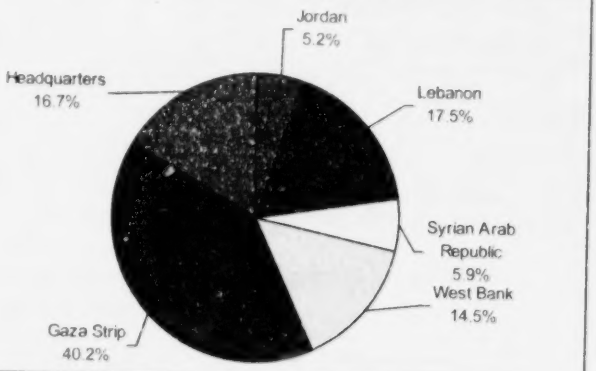


Figure 6: Project budget by field
(USD'000s)

Field	
Gaza Strip	197,395
Lebanon	86,013
Syrian Arab Republic	28,985
Jordan	25,458
West Bank	71,125
Headquarters	81,787
Total	**490,761**



Staffing table

18. In order to deliver its core programmes and projects, the Agency employs International and Area Staff.

19. Through Resolution 3331B(XXIX) of 17 December 1974, the General Assembly decided that the expenses relating to the emoluments of international staff in the service of UNRWA, which would otherwise have been charged to voluntary contributions, should be provided for under the United Nations Secretary-General's regular budget with effect from 1 January 1975 for the duration of the Agency's mandate. In the 2008–2009 biennium, the Secretary-General's regular budget funded 119 international staff posts.

20. Ninety nine international staff posts were funded from sources other than the Secretary-General's regular budget. Sixty four posts were funded by project funds, 18 Junior Professional Officers funded by governments, two posts funded by United Nations Educational, Scientific and Cultural Organization (UNESCO), two posts funded by the World Health Organization (WHO), one post funded by the Microfinance Department (MD), and one post funded by the Agency's provident fund.

21. A further 14 posts (two D-1, three P-5, seven P-4 and two P-3) were funded by UN Member States who provide financial support to the Agency's Organizational Development (OD) management reform programme. The Agency is seeking that the United Nations Secretary-General's Budget for 2010 – 2011 includes funds to cover the salaries and emoluments of these 14 posts. In this regard, the three-year OD programme has been funded on a voluntary basis since its inception in 2007 by a group of major donors to UNRWA, states which are also among the largest contributors to the United Nations assessed contributions budget. Their funding commitments, which expire in December 2009, were predicated on the assumption that the costs involved in paying the salaries of these posts would be mainstreamed into the United Nations Secretary-General's regular budget, to ensure sustainability of the efforts UNRWA has been making to strengthen its management structure, improve efficiencies and introduce modern systems of planning, monitoring and evaluation of programme delivery. As at the date of preparation of this Programme Budget, UNRWA had been informed that only three of the 14 international posts had been included in the draft of the United Nations Secretary-General's regular budget.

Table 5: International staffing requirements 2010-2011

Post Grade	UN Regular Budget*	Other Sources
A) Professional & Above		
USG	1	-
ASG	1	-
D2	3	2
D1	12	4
P5	20	8
P4	50	21
P3	22	39
P2/P1	2	18
Sub-total (A)	**111**	**92**
B) General Services	11	7
Sub-total (B)	**11**	**7**
Total (A+B)	**122**	**99**

* Included in the Regular Budget column are three additional international posts that have been recommended by the UN Controller for inclusion in the draft Secretary-General's Regular Budget 2010 - 2011. It does not include the remaining eleven required posts that the Agency seeks to be funded from the Secretary-General's Regular Budget 2010 – 2011.

22. UNRWA's core programmes are otherwise delivered primarily through 29,500 local ("Area") staff, the number of which will need to increase to over 31,700 by the end of 2011 (see Table 6 and Figure 7) if the Agency is to realize the achievements set out in this Budget.

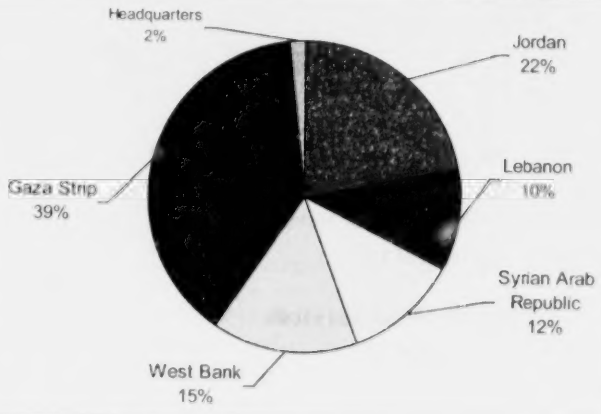
Table 6: Estimated number of area staff at 31 December 2011 by human development goal

Goal	Gaza Strip	Lebanon	SAR	Jordan	West Bank	HQs	Total
Long and Healthy Life	1,566	580	520	1,071	880	13	4,630
Knowledge and Skills	9,375	2,005	2,643	5,193	2,741	74	22,031
A Decent Standard of Living	908	302	309	413	600	62	2,594
Human Rights Enjoyed to the Fullest	65	38	34	48	39	2	226
Support Services	579	313	260	315	452	347	2,266
Grand Total	**12,493**	**3,238**	**3,766**	**7,040**	**4,712**	**498**	**31,747**

Area staff numbers are, due to funding shortfalls, only planned to grow by three social worker posts in Gaza between 2010 and 2011.

Figure 7: Estimated number of area staff at 31 December 2011, by field

Field	
Gaza Strip	12,493
Lebanon	3,238
Syrian Arab Republic	3,766
Jordan	7,040
West Bank	4,712
Headquarters	498
Total	**31,747**



Financial situation

23. With the exception of international staff posts funded by the General Assembly through assessed contributions, UNRWA's on-going operations, projects and emergency appeals are funded by voluntary contributions of donors.

24. Table 7 below shows the funding status of UNRWA's budget for 2008, including activities funded through un-earmarked contributions to the Regular Budget as well as earmarked contributions (e.g. for food and Organizational Development).

25. The financial results for the fiscal year 2008 clearly illustrate the funding shortfalls experienced by the Agency in its efforts to implement its mandate. The funding gap for the regular budget funded through un-earmarked voluntary contributions amounted to $64.6 million and the projects budget experienced a shortfall of $24.7 million

Table 7: Funding status of the agency - 2008
(USD millions)

	Regular Budget		Projects	Emergency Appeal
	Budgeted activities	Unbudgeted activities		
Budget	524.5[1]		116.5	262.4
Contributions Income	481.0	41.1[2]	91.8	171.8
Funding Gap	**(43.5)**	-	**(24.7)**	**(90.6)**
Additional expenditure[3]	**(21.1)**			
Net funding gap	**(64.6)**			

[1] The budget represents the original budget less $20.1m recovered through Programme Support Costs (PSC).
[2] Represents income earmarked for activities that were not included under the published Programme Budget for 2008 (for example, for the Organizational Development programme and reforms of the Special Hardship Cases programme).
[3] Consists of $16.3 million of exchange rate losses, $12.4m of adjustments in respect of donor pledges and $7.6 million of interest income.

26. The 2008 Emergency Appeal in the oPt was under-funded by $90.6 million.

27. Current projections of income and expenditure for 2009, shown in Table 8 below, indicate a funding gap for the regular budget of $78.3 million when comparing the budgeted expenditure of $548.6 million with total expected income (based on indicative estimates from donors and estimated interest income) of $470.3 million to the General Fund – the mechanism for un-earmarked, voluntary contributions for the Agency's Cash and In-Kind requirements. Without additional contributions, the Agency will not be in a position to fully implement its budgeted activities.

Table 8: Income and expenditure forecast - 2009
(USD millions)

	Regular Budget	Projects	Emergency Appeal[1]
Budget	548.6	90.0	473.6
Projected Income	470.3	43.1	232.9
Funding Gap	**(78.3)**	**(46.9)**	**(240.7)**

[1] The Emergency Appeal figure includes emergency appeals for the quick response plan for Gaza in response to the hostilities in January 2009, the Emergency Appeal for the West Bank and the Relief and Early Recovery Appeal for northern Lebanon.

28. Current projections of income and expenditure for 2010, shown in Table 9 below, do not look promising. If those projections prove to be correct, a funding gap will exist in 2010 of $141.2 million (based on indicative estimates from donors as well and forecast PSC recoveries).

Table 9 – Expected funding gap - 2010
(USD millions)

	Regular Budget
Budget	598.5
Projected Income	457.3
Funding Gap	**(141.2)**

29. Income projections, by donor for 2009 and 2010 appear in Table 10 below.

Table 10: Income projections for the general fund - 2009 and 2010 (USD'000s)

Donor	Projected Income 2009	Forecast Income 2010	Donor	Projected Income 2009	Forecast Income 2010
United States	102 464	102 464	Sub-total b/f	421 406	406 251
European Commission	100 990	92 827	Ireland	5 007	5 345
United Kingdom	32 949	36 244	Australia	4 187	4 187
Sweden	36 142	39 254	Luxembourg	3 638	3 868
Norway	38 850	23 310	Japan	2 850	2 850
United Nations	19 400	19 400	Belgium	1 828	1 828
Netherlands	19 685	21 097	Saudi Arabia	1 800	1 800
Canada	13 010	13 010	Kuwait	1 500	1 500
Denmark	13 848	13 225	Austria	1 055	1 055
Spain	11 252	11 252	New Zealand	577	646
Germany	10 687	11 252	Other Donors	5 506	7 010
France	6 394	6 394	Other Income	5 000	5 000
Switzerland	7 042	7 380	PSC recoveries	16 000	16 000
Italy	4 082	4 219			
Finland	4 611	4 923			
Sub-total c/f	**421 406**	**406 251**	**Grand Total**	**470 354**	**457 340**

30. Consequently, resource mobilization is of critical importance to UNRWA. The Agency's donor base is narrowly constructed with over 94 per cent of its regular budget in 2009 being provided by the top 15 donors. Furthermore, a comparison of the top ten donors' performance between 2001 and 2009 shows that only five have increased their contributions during the period. Other donors have maintained or decreased their levels of contributions. This has happened at a time when both expectations and demands upon the Agency have risen to meet the needs of a growing refugee population, maintain standards commensurate with those operational in host authorities as well as coping with the challenge of service delivery within a highly volatile region.

31. To ensure the most effective use of the limited resources available for fundraising, UNRWA has recently developed a Resource Mobilisation Strategy to direct efforts and resources over the next two biennia. The objectives of the Strategy are to:

    a) Increase contributions from donors to the Agency's GF to meet the targets set by the Regular Budget;

b) Make the financing of UNRWA's activities more predictable by pursuing multi-year funding agreements;

c) Broaden the donor base in the governmental and non-governmental sectors, including from the Near- and Middle-East;

d) Seek alternative sources of human resources to fill gaps in the Agency's international staffing; and

e) Enhance the Department of External Relations coordination of fundraising activity with the active involvement of a wide range of Agency actors.

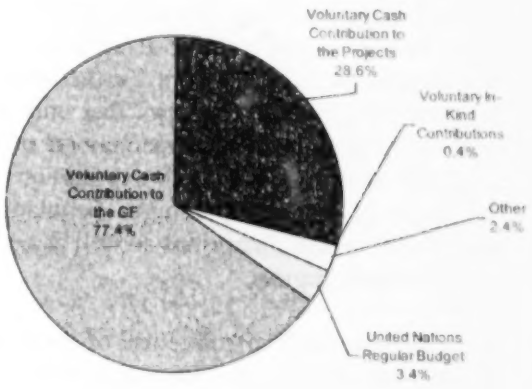
32. The Resource Mobilization Strategy addresses actions to be directed towards increased funding from both governmental and non-governmental sources and considers the mobilization of in-house and external resources to this end.

33. The ability of the Agency to provide its regular services to a population that grows at approximately 2.5 per cent annually is dependent on securing adequate voluntary funding. The Agency is also dependent on additional funding earmarked for projects and emergency operations.

Figure 8 below shows the expected sources of funding of the Agency's total budget volume for 2010 and 2011, including both the regular and projects budgets.

Figure 8: Budget funding – 2010-2011
(USD'000s)

Voluntary Cash Contribution to the General Fund (GF)	1,119,560
Voluntary Cash Contribution to the Projects	490,761
Voluntary In-kind Contributions to the General Fund (GF)	6,900
United Nations Regular Budget[1]	58,200
Other	42,000
Total	**1,717,421**


Voluntary Cash Contribution to the Projects 28.6%
Voluntary In-Kind Contributions 0.4%
Other 2.4%
United Nations Regular Budget 3.4%
Voluntary Cash Contribution to the GF 77.4%

[1] Includes $6.5 million for an additional 14 international posts requested of which only three are expected to be covered from the UN Secretary-General's regular budget.

34. Voluntary contributions will be sought to cover about 94 per cent of total budget volume for 2010-2011, of which 77.4 per cent are cash contributions to the GF, 28.6 per cent of cash receipts to fund projects, and about 0.4 per cent constitute In-kind contributions to the GF.

35. The funding of 122 international posts from the United Nations regular budget accounts for about four per cent annually of total budget volume. The remaining two per cent of other income is derived from the following sources:

a) Interest income and miscellaneous income in the range of $5 million per annum;

b) Funding of six staff posts (two international and four area posts) by UNESCO and four posts (two international and two area posts) by WHO as part of their technical assistance to the Education and Health programmes, respectively.

36. If donor contributions remain static, UNRWA will be able to deliver services only at lower than current quality levels and additional pressure on host authorities may occur. With reductions in the value of contributions over the medium term, further serious compromises in the quality of services, or cuts in certain areas and in staffing would be unavoidable. Full delivery will require better financing than in recent times. An increase in resources, coupled with continued gains in efficiency and effectiveness, will put the Agency in a better position to make progress towards the strategic objectives.

37. While highlighting the Agency's need for additional resources, UNRWA recognises that the current economic climate may place constraints on being able to realise extra donor support. UNRWA recognises that the possibility of future resource scarcity, coupled with growing demands either as a result of population growth or deepening need, requires that the Agency embrace a clear perspective on how to focus its efforts. As part of the strategic planning process for 2010-2015, UNRWA has identified those activities and services that it considers to be the most important among the wide range of its activities (see Table 11 below).

38. UNRWA has identified a set of core services that respond best to the needs of refugees and are fundamental to enabling refugees to enjoy their basic rights. UNRWA will keep these services at the heart of its work, and field operations will therefore have strong similarities in the provisions of these core services. The core services will have first call on resources from the General Fund, though in some instances, project funding may contribute to their achievement as well.

39. Beyond the non-negotiable core services are other services that remain important to UNRWA's field operations. This group encompasses services that:

i) meet the needs of the highly vulnerable, and

ii) provide a clear and measurable contribution to the human development of refugees.

40. The difference between these services and those in the set of core (or highest priority) services is that the focus on and scale of investment in the second priority services is more contingent on field specific conditions than the core services.

Table 11 – UNRWA's priority services*

Priority	Services
Highest Priority: Common to all Fields Core services which UNRWA must ensure: to enable refugees to enjoy their basic rights; and to respond to the human development needs and priorities of refugees.	- Basic education - Comprehensive primary health care - Relief and direct support (cash, food and shelter) to the abject poor (through safety-net and emergency programmes) - Environmental health; and improvement of critically substandard shelter, facilities and infrastructure
Priority level two: Weighting will vary from Field to Field	
(a) Services that meet the needs of the highly vulnerable	- Shelter improvement for the most vulnerable - Social services for the most vulnerable - Support for hospital services for selected conditions for the most vulnerable - Advocacy on protection issues
(b) Services that provide a clear and measurable contribution to the human development of Palestine refugees	- Technical and vocational education - Credit and microfinance from the Microfinance Department - Employment promotion - Environmental protection activities - Technical and vocational education - Credit and microfinance from the Microfinance Department - Employment promotion - Environmental protection activities

* The services or activities included in this table are not an exhaustive list of UNRWA's activities.

United Nations Board of Auditors recommendations - implementation status

41. Table 12 illustrates the current status of 31 recommendations in the United Nations Board of Auditors (UNBOA) report for 2006-2007. As of 31 March 2009, 15 recommendations were implemented with a further 16 under implementation. Four of the 31 recommendations were from the previous report (2004–2005).

42. UNRWA's management is committed to implementing the recommendations, some of which require additional funding, span biennia or require strategic intervention. A number of the recommendations are funded through the OD initiative ending in December 2009.

Table 12: Implementation status of the UNBOA recommendations for the biennium ended 31 December 2007

Department	Number of Recommendations	Withdrawn by UNBOA	Implementation Status		
			Implemented	Under Implementation	Not Implemented
Finance	4		3	1	-
Department of Administrative Support:					
Information Systems Division	9	-	4	5	-
Procurement & Logistics Division	5	-	5	-	-
Programme Coordination and Support	4		-	4	-
Department of Human Resources	6		2	4	-
Department of Internal Oversight Services	2		1	1	-
Department of External Relations	1		-	1	-
TOTAL	**31**	**-**	**15**	**16**	**-**

43. Of the 34 recommendations in the UNBOA report for the biennium ended 31 December 2005, one was withdrawn by the UNBOA, 23 have been implemented and 10 are under implementation. Of the recommendations under implementation, four have been transferred to UNBOA report for 2006-2007. The six remaining recommendations pertain to Results Based Management and are slated for implementation by the end of 2009.

Chapter II

Long and healthy life

Goal

44. Guided by the Millennium Development Goals (MDGs) on health and environmental sustainability, the United Nations Convention on the Rights of the Child and the policies and standards of WHO, UNRWA provides basic health services and is responsible for providing safe water and sanitation in refugee camps. Despite the difficult conditions in which Palestine refugees live, diseases preventable by vaccines and other communicable diseases are under control and infant, child mortality and maternal rates have declined over the past two decades.

45. A long and healthy life will be achieved through interventions led by UNRWA's health programme and camp improvement and infrastructure programme.

Objectives

46. To ensure universal access to quality, comprehensive primary health care.

47. To protect and promote family health.

48. To prevent and control diseases.

Constraints and challenges

49. To sustain the strong performance of the health programme to date, UNRWA needs to adapt its interventions to better respond to pressures such as population growth, deteriorating conditions that make refugees more vulnerable, and new epidemiological challenges. These pressures are already undermining quality.

50. Approximately 66 per cent of eligible refugees use UNRWA's health facilities. Better data is needed to identify instances where refugees are not using services as a result of barriers to access, such as vulnerability, or living in remote locations where there are no services.

51. Field assessments conducted in 2008 showed that the quality of UNRWA's health care is hampered by chronic staff shortages and difficulties in attracting and retaining qualified staff, deteriorating health infrastructure and outdated equipment due to underinvestment. The average number of consultations per doctor per day is around 95, leading to short consultation times that reduce the quality of interaction with a medical professional. The cost of medical supplies and hospital care is rising.

52. While connection of camp shelters to a water network is close to 98 per cent, problems of quality and continuity exist. Inadequate storm-water drainage systems, and substandard

sewerage systems, including open sewers in many camps pose public health hazards in some locations. Communicable diseases, especially those associated with poor environmental conditions, occur. Anemia and iron deficiency, linked to inadequate diet is highly prevalent among preschool and school age children and pregnant and nursing women. Low birth weight levels for infants suggest poor health among women. The incidence of NCDs, such as cardiovascular diseases, diabetes, hypertension and cancers, is rising.

53. The health system would benefit from significant reform and modernisation in the medium to long term to enable it to better deal with growing pressures. New approaches need further examination before implementation, but elements include more partnerships, more outsourcing of services, and a greater focus on services not provided by others.

Financial resources

Table 2-1: Long and healthy life resource requirements by objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To ensure universal access to quality, comprehensive primary health care	154 889
To protect and promote family health	13 598
To prevent and control diseases	30 951
International staff salaries	1 577
Total Regular Budget	**201 015**
Project Budget	**56 450**
Grand Total	**257 465**

Chapter III

Knowledge and skills

Goal

54. Children have a right to education. Achieving universal primary education is the second MDG and the international community has committed to work towards better quality education for all. UNRWA operates 668 elementary and preparatory schools, providing free basic education for nearly half a million Palestine refugee children. Over time, UNRWA's schools have a reputation for low drop-out rates and academic achievement. Literacy rates among Palestine refugees compare well with regional and global levels and there has been gender equity in enrolment since the 1960s.

55. Through its education system, UNRWA has the greatest potential to help Palestine refugee children to thrive, to achieve their potential and to grow up understanding their rights and respecting the rights of others. Basic education, delivered by UNRWA's education programme is therefore considered among the highest priorities of all the Agency's services to refugees. UNRWA's education programme also contributes to the strategic objective on employability.

Objectives

56. To ensure universal access to and coverage of basic education.

57. To enhance educational quality and outcomes against set standards.

58. To improve access to educational opportunities for learners with special education needs (SEN).

Constraints and challenges

59. Despite many achievements, significant challenges need to be addressed to sustain UNRWA's track record in education. While in the Syrian Arab Republic and Jordan, students often outperform their peers in host government schools, data show that education standards have slipped in other locations in recent years. In Gaza, student test results in Arabic and mathematics in 2009 revealed significant underachievement and called for robust action to reverse the decline. Downward trends in performance in primary schools in Lebanon and in the West Bank are also apparent.

60. While school enrolment among refugees remains high in West Bank and Gaza, there are indications that this is not the case in other Fields such as in the Syrian Arab Republic and Jordan where enrolment levels are lower than expected. In addition, while drop-out rates are generally low for middle-income countries, some students are not completing basic education. Needs-assessments point to socio-economic and cultural factors -such as the pressure to work

to support a family- which may explain lower enrolment levels and drop-out rates in some fields.

Financial resources

Table 3-1: Acquire appropriate knowledge and skills resource requirements by objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To ensure universal access to and coverage of basic education.	603 692
To enhance educational quality and outcomes against set standards.	20 693
To improve access to education opportunities for learners with special education needs.	3 841
International staff salaries	1 925
Total Regular Budget	**630 151**
Project Budget	**127 613**
Grand Total	**757 764**

Chapter IV

A decent standard of living

Goal

61. To live with dignity, refugees must be able to attain a decent standard of living: the shelter of a safe place to live; confidence that drinking water is clean; enough food; the opportunity to learn skills that will lead to work; and the chance to escape poverty. The right to a decent standard of living -through adequate shelter, food, clothing and work- are set out in human rights agreements and reinforced in the first MDG, to "eradicate extreme poverty and hunger", which includes targets to achieve productive employment and decent work. The United Nations is also committed to building inclusive financial services for the poor.

62. UNRWA provides direct support to the poorest under its safety-net programme to approximately 250,000 refugees annually; has trained more than 60,000 graduates in technical and vocational skills; provided microfinance products to around 20,000 refugees; and over time has rehabilitated around 13,500 shelters.

63. UNRWA's interventions in support of this goal require an integrated response from its RSS programme, microfinance programme, education programme, camp improvement and infrastructure programme.

Objectives

64. To reduce abject poverty.

65. To mitigate the immediate effects of emergencies on individuals.

66. To offer inclusive financial services and increased access to credit and savings facilities especially for vulnerable groups such as women, youth and the poor.

67. To improve employability.

68. To improve the urban environment through sustainable camp development and upgrading of sub-standard infrastructure and accommodation.

Constraints and challenges

69. Poverty levels among refugees are high and appear to be increasing, most visibly in the West Bank and Gaza. Official data for 2009 indicate that around 24 per cent of refugee households in the West Bank, and 50 per cent in Gaza were below the official poverty line, with about 13 per cent (West Bank) and 35 per cent (Gaza) below the deep poverty line. Between 2006 and 2009 alone, there was an increase of 23 per cent in the number of refugee households living in deep poverty in the occupied Palestinian territory (oPt), even after assistance.

70. Though definitions vary, at the most extreme, UNRWA considers as 'abject poor', refugees who cannot meet their food consumption needs, while others can be described as 'absolute poor': more able than others to meet food and other basic needs, but by any measure living a life of extreme hardship. Among the abject poor, many are likely to remain in their current situation, since disability or age reduces their prospects for making marked changes in their circumstances. In the oPt and in recent years Lebanon, long term poverty is compounded by the effects of emergencies, which affect many, but impact most on the vulnerable.

71. Other poor refugees would be able to exit poverty, in the absence of emergencies, given the right education, training and employment opportunities. While the economic situation in the West Bank and Gaza, as well as limited opportunities for refugees to work in Lebanon are severe limiting factors for poverty reduction, UNRWA can nevertheless make a significant impact on refugees' livelihood prospects by equipping them -through training or microfinance- and helping them to access the right opportunities to exit poverty. In fields such as the Syrian Arab Republic, where youth unemployment is 56 per cent, this is especially critical.

72. And for all refugees, but especially the most vulnerable, UNRWA's work to raise the quality of refugees' shelter to acceptable standards remains vital if refugees are to live with the dignity that is their right. Levels of overcrowding among Palestine refugees are very high, especially in camps in Lebanon, the Syrian Arab Republic and Jordan. And in the Jordan field alone, approximately 10,000 shelters are in need of rehabilitation.

Financial resources

Table 4-1: A decent Standard of Living
Resource Requirements by Objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To reduce abject poverty	80 779
To mitigate the immediate effects of emergencies on individuals	1 115
To offer inclusive financial services and increase access to savings facilities, especially for vulnerable groups[1]	
To improve employability	53 550
To improve the urban environment	11 795
International staff salaries	5 237
Total Regular Budget	**152 476**
Project Budget	**127 613**
Grand Total	**757 764**

[1] Project funded through the Microfinance and Microenterprise Programme.

Chapter V

Human rights enjoyed to the fullest

Goal

73. Just and equitable human development requires respect for human rights. Protection is a cross-cutting theme for the Agency, meaning that protection issues will be taken into consideration in all programming.

74. Responsibility for ensuring programmatic implementation of this goal fall within the remit of the health, education, camp improvement and RSS departments.

Objectives

75. To ensure service delivery meets the protection needs of beneficiaries, including vulnerable groups.

76. To safeguard and advance the rights of Palestine refugees by promoting respect for human rights, international humanitarian law and international refugee law.

77. To strengthen refugee capacity to formulate and implement sustainable social services in their communities.

78. To ensure Palestine refugee registration and eligibility for UNRWA services are carried out in accordance with relevant international standards.

Constraints and challenges

79. The rights and freedoms of Palestine refugees as laid out in international law, humanitarian law and refugee law are frequently ignored or violated by states and authorities in UNRWA fields of operations. This is especially the case in the oPt and Lebanon where critical protection needs arise in addition to those inherent to the situation of all Palestine refugees. The violations relate to a variety of rights: (i) identification and legal status; (ii) the right to life, liberty and the security of the person, denied through deliberate actions by authorities or as a result of lack of law and order or functioning civilian authorities in camps; (iii) the right to recognition as persons before the law, for example through detention without due process; (iv) the right to freedom of movement denied through the access regime in the oPt; and (v) the right to protection from arbitrary displacement.

80. There are clear limitations to UNRWA's ability to address many of these challenges. However, UNRWA's widespread presence and direct contact with refugees gives the Agency a unique understanding of the Palestine refugee situation, and therefore a solid foundation for action. Within the limits of its mandate, and in accordance with the General Assembly's call "upon all

parts of the United Nations to promote human rights and fundamental freedoms" UNRWA has an important role to play in: direct action to deter violations; monitoring violations and interventions to press for remedial action; interventions to ensure due process or release from arbitrary detention; support and advice to individuals; reporting to bodies potentially able to affect protection outcomes; and advocacy at all levels, including through the media and engagement with host governments and the international community to raise and promote the rights of refugees. The presence of international staff, such as the network of Operational Support Officers (OSOs), can be a particularly powerful tool at UNRWA's disposal.

Financial resources

Table 5-1: Human Rights Enjoyed to the Fullest
Resource Requirements by Objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To ensure service delivery meets the protection needs of beneficiaries, including vulnerable groups	375
To safeguard and advance the rights of Palestine refugees by promoting respect of human rights, international humantarian law and refugee law	560
To strengthen refugee capacity to formulate and implement sustainable social services in their communities	4 819
To ensure Palestine refugee registration and eligibility for UNRWA services are carried out in accordance with relevant international standards	4 356
International staff salaries	1 279
Total Regular Budget	**11 389**
Project Budget	**33 791**
Grand Total	**45 180**

Chapter VI

Operational support services

Goal

81. The goal of operational support services is to assist the Commissioner-General in achieving UNRWA's four Human Development Goals for Palestine Refugees. This includes effective management and operational and administrative services at Agency, field, area and camp levels which are instrumental to the Agency's operations.

82. This goal is achieved by the following Headquarters Departments and the corresponding units in the Field Offices:

(i) The Commissioner-General's Office (including the Executive Office, the Spokesperson and Public Information Offices, the Representative and Liaison Offices, Programme Coordination and Support Unit)

(ii) Administrative Services Department

(iii) Human Resources Department

(iv) Finance Department

(v) Department of Legal Affairs

(vi) Department of Internal Oversight Services

(vii) External Relations Department

Objective

83. To provide efficient and effective direction and operational and administrative support to UNRWA's operations at all levels.

Constraints and challenges

84. UNRWA enjoys the confidence of a number of major donors. However, due to the global economic downturn, income forecasts for 2010-2011 are of concern. Financial cuts will put unprecedented pressure on support departments. Mobilizing sufficient resources will be a priority. The timeliness of funding, particularly for food purchases, is already problematic leading to additional procurement costs and possible stock ruptures.

85. The operating environment is expected to remain volatile. The likelihood of outstanding tensions and conflicts remains high. Security-related service disruptions and limited ability for staff to travel within, to and from the oPt will continue to cause additional costs and delays in

support services delivery in the West Bank and Gaza. Exchange rate fluctuations and uncertainty regarding commodity and other operational costs will remain problematic.

86. Sustainability and performance of support services require recurring investment in material, machineries and human resources. If the Agency's financial forecasts for 2010 – 2011 prove correct, UNRWA will be unable to replace its aging vehicle fleet, maintenance standards will decline and deficiencies in UNRWA's IT systems will remain unmet. Attracting and retaining qualified staff will continue to be a challenge.

87. Further harmonization with the United Nations system is required for procurement, human resources and financial arrangements. The Agency will be heavily involved in the introduction of an Enterprise Resource Planning System and must develop interim solutions for better monitoring and management that are transparent, useful and robust, yet affordable.

88. Most management reform initiatives of the OD Plan of 2007-2009 have been implemented. Consolidation of the management reforms is needed in 2010-11. The capacity of service departments to fully support a decentralized results-based management system needs to be built. Full operationalisation of the OD plan and the associated staff capacity-building, process/system improvement will be challenging in the current financial context.

Financial resources

Table 6-1: Operational Support Services
Resource Requirements by Objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
Provide efficient and effective direction and operational and administrative support to UNRWA's operations at all levels	
Commissioner General's Office	2 642
Administrative Services Department	99 217
Human Resources Department	11 342
Finance Department	11 078
Department of Legal Affairs	288
Department of Internal Oversight Services	1 503
External Relations Department	2 536
International staff salaries	51 239
Total Regular Budget	**179 845**
Project Budget	**39 286**
Grand Total	**219 131**

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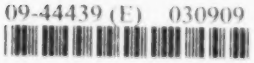

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